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FACULTY OF ARTS

DEPARTMENT OF DEVELOPMENT STUDIES

The effectiveness of ISALS in improving agricultural productivity among rural smallholder farmers. The case of ward 10 and 11 of Shurugwi District.

By

MUNYANGIRI ENERST

This Dissertation Is Submitted In Partial Fulfilment of the Bachelor of Arts in Development Studies Honours Degree.

November 2017

DECLARATION

I, **Enerst Munyangiri** declares that this research is my own work. All the scholarly work cited in the research was acknowledged.

DATE…….

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APPROVAL FORM

The undersigned supervisor confirms that they have supervised the student **Enerst Munyangiri's** dissertation entitled: "**The effectiveness of ISALS in improving agricultural productivity among rural small holder farmers. The case of ward 10 and 11 of Shurugwi District**". The dissertation is submitted in partial fulfillment of the requirements of the Bachelor of Arts Honors Degree in Development Studies offered by Midlands State University.

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Dedication

This dissertation is dedicated to my family.

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Abstract

Microfinance programs such as ISALs has become an imperative tool in empowering rural poor people by reducing poverty levels across the globe. The assumption is that by inculcating a culture of saving and improving their access to credit, rural poor people will be able to establish income generating activities that is aimed at reducing poverty through enhancing agricultural productivity at all levels. Literature has shown that as a result of its affordability and accessibility, the ISALs model or methodology have become very popular with the rural population. The main objective of this study was therefore to assess the effectiveness of ISALs in improving agricultural productivity among rural small scale holder farmers. The study used Wards 10 and 11 of Shurugwi District, Midlands Province as a case study. The researcher utilized a mixed research method which provided strengths that counterbalance the weaknesses of both qualitative and quantitative research enhancing a rich study findings. Sampled ISAL participants and key informants interviewees provided rich data that informed the study findings. The study established that participation in ISALs have a statistically significant positive impact on agricultural productivity. Evidence of improved agricultural production has been shown through increased yield per hectare which was necessitated by improved access to inputs and farming implements among others. The study has recommended an all-inclusive and harmonized approach by all relevant stakeholders in the development field that will create an enabling environment for ISALs to realize more positive impact in boosting agricultural productivity.

List of Acronyms

AGRITEX:	Agricultural Extension
CBM:	Community Based Mobiliser
CRS**:**	Catholic Relief Services
DFID:	Department for International Development
ESAP**:**	Economic Structural Adjustment Programme
EXTRA:	Extension and Training for Rural Agriculture
FAO:	Food and Agriculture Organization
FGD**:**	Focus Group Discussion
IGAs**:**	Income Generating Activities
ISAL**:**	Internal Savings and Lending
KII**:**	Key Informant Interviews
MAMID:	Ministry of Agriculture, Mechanization and Irrigation Development
MFI**:**	Microfinance Institutions
NGO**:**	Nongovernmental Organization
ROSCAs**:**	Rotating Savings and Credit Associations

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CHAPTER 1: THE PROBLEM AND ITS SETTING.

1.0 INTRODUCTION

Ward 10 and 11 of Shurugwi are part of the 24 wards that make up Shurugwi district, which is located in the Midlands Province. Though there are some economic activities such as illegal gold mining, agriculture is the major livelihood pathway in the district. Over the years, changes in economic policies coupled with the menace of climate change has resulted in reduced crop and livestock production, leading to food insecurity. This has also largely been as a result of lack of access to financial services, despite of the various efforts made by the post-colonial government to redress this challenge whose origins is in the colonial era. Instead of sitting back and folding their hands, small holder farmers with the help of non-governmental organizations, resorted to traditionally managed methods of saving such ISALs. In fact, this is now the model being advocated for by various NGOs, not only in Shurugwi, but nationwide and globally. This study therefore seeks to provide an assessment of the effectiveness of ISALs as an alternative to formal financial institutions in specifically improving agricultural productivity in the selected 2 wards of Shurugwi district. Other scholars who have written on microfinance have been focusing on women empowerment and the eradication of poverty in general. In this context, this study shifts the angle of vision to examine ISALS in relation to the major livelihood pathway for rural farmers, agriculture.

This initial chapter of the study covers the problem and its setting, that is, the background to the study, objectives of the study, significance of the study, research questions, conceptual framework, theoretical framework, delimitations, and limitations of the study as well as ethical considerations.

1.1. BACKGROUND OF THE STUDY.

Agriculture is the lifeblood and backbone of African economies. About 70% of Africans and roughly 80% of the continent's poor live in the rural areas and depend mainly on agriculture or small-scale farming as their primary livelihood source or pathway. The sector accounts for about 20% of Africa's GDP (ECA, 2004), 60% of its labor force and 20% of the total merchandise exports. Agriculture is the main source of income for 90% of the rural population in Africa. Agriculture represents a great part of Africa's share in world trade. On the list of 20 top agricultural and food commodity importers in 2004, 60% are from Sub-Saharan Africa. African countries represent also 50% of top 20 countries, in terms of the share of total agriculture merchandise exported in the world (ECA, 2007).

According to IFAD (2011), Africa has approximately 33 million small farms, representing 80% of all farms in the region. Smallholder farmers thus produce as much as 90% of agricultural output in Africa and the vast majority of them are women who produce over 70% of the food in Africa. However, despite that they are the majority, they are marginalised and often do not produce enough to feed their families throughout the year, primarily because they lack access to the inputs, services, credit and markets that would enable them to increase their production. Smallholder farmers are also deeply vulnerable to climate and economic shocks. According to the EXTRA project baseline survey (2015), 82.7% of the head of the households in Shurugwi district regard agriculture as their primary occupation. However, farmers from Shurugwi district, as indicated in the EXTRA project baseline survey (2015), highlighted that they are facing a lot of limitations in both crop and livestock production. According to the survey (2015), farmers are limited by financial resources and poor access to inputs; such as improved seeds and fertiliser, to fulfil their farming requirements. This was highlighted in more than 40% of the farming households.

Noteworthy is the fact that black farmers in general and rural small holder farmers in Zimbabwe in particular, have a long history of financial exclusion since the colonial period. Chitokwindo et al (2014) states that the black Zimbabwean rural population was financially excluded as agricultural finance was organised to suit the needs of the white owned large scale commercial farmers. Chitokwindo explains that in 1912, the Land Bank was formed to encourage European immigrants to settle as farmers and in 1924, the bank was mandated to facilitate the acquisition of more land by large scale commercial farmers. More so in 1930, the colonial Government started financing irrigation plot holders in the small scale commercial farming sector in African Purchase Areas (Chitokwindo et al., 2014).. However, guided by the colonial injustices that were being experienced by rural Zimbabwean farmers, the post-colonial government tried to redress these injustices and this explains why there were three phases in post-independence policies. The period from 1980 to the early 1990s was characterised by a continuation of previous policies and relative stability. The 1990s brought structural adjustment programmes characterised by the cancellation of controls and subsidies, which were followed by the Fast Track Land Reform Programme (FTLRP). Currently, a new era of liberalisation has been announced, but implementation is still at a very early stage. Of particular note are the shifts in the scale of operations and the composition of the farming sector since 2000. This occurred concomitantly with major financial upheaval, which involved protracted periods of hyperinflation, followed by the liberalisation of markets and the eventual shift to the use of foreign exchange in late 2008.

Zimbabwe's agricultural sector has long been key to its economic stability and growth. However the major challenge facing agriculture in Zimbabwe among small holder farmers is low productivity , which is related to a low level of capital endowment, leading to a restricted uptake of productive farm technologies and, subsequently, to low yield and output (ZimVAC,

2009). The same sentiments are echoed by Kapuya et al., (2010) who stated that limited access to working capital and difficulties in accessing agricultural finance, which stem from a lack of credit, financial services that are poorly adapted to the new tenure situation, and unfavorable borrowing conditions is the major cause of low production.

In the wake of continuous low production in agriculture and poverty, many societies in Africa, donor agencies, and governments have tried to come up with various policies and programmes in their bid to boost production and reduce poverty. For instance, Zimbabwe's Agribank, a government-owned commercial bank was specifically created in 1996 for agricultural finance. However, it only began operating in 2000, at the time the government was increasingly cash-strapped. As a result, the Agribank has never been able to meet its mandate fully, as it mainly assisted in the distribution of central bank project funds. Farmers thus had no alternative but to approach commercial banks for finance. However, the formal banking sector has been reluctant to service the agricultural sector, owing to a number of factors, particularly land insecurity. The commercial banks held that the nationalisation of land under the land redistribution programme has rendered land a 'dead' asset, which cannot be used as collateral for agricultural loan applications. In the November 2005 report to Parliament, by the Portfolio Committee on Lands, Land Reform, Resettlement and Agriculture said that it was 'concerned to note that the current financing facilities are tailor-made for large-scale commercial farmers at the expense of smallholders'. So officially, there is a policy on agriculture finance, but it is not being implemented. This act as an indication to the fact that government's efforts to ensure that small holder farmers have access to credit and finance has been hitting a brick wall.

On the other hand apart from the government's initiatives NGOs such as CARE International have also introduced microfinance programmes such as ROSCAs and ASCAs. At most, these microfinance programmes are targeting women and they are using the money to start income

generating projects, pay school fess and for consumption, buying kitchen utensils (cups, plates, pots), as security in times of drought or in the face of any family problem. Though they were not specifically designed for investment in agriculture, most families whose livelihoods largely depend on agriculture have been using part of the money to boost their production by purchasing inputs such as fertilizers, seeds and pesticides.

As a result of the testimonies that were being published by donor agencies with regards to the usefulness of microfinance programmes such as ROSCAs and ASCAs there was a growing realization and concern among the various stakeholders (NGOs and Governments) on the possibility of making use of these microfinance programmes to boost productivity in the sector of agriculture. For instance, NGOs such as WE EFFECT, Welthungerhilfe, under the EXTRA project which was being managed by FAO and funded by DFID in the Midlands province (Kwekwe, Shurugwi and Gokwe South District), introduced the ISAL methodology specifically encouraging farmers to invest in agriculture to improve production and fight food insecurity and malnutrition. In collaboration with the ISAL methodology, the EXTRA project (FAO) also managed to engage formal financial institutions such as CBZ, Steward bank, POSB and Inclusive Financial Services so as to link them with the farmers who were in need of loans. However, in a period of 2 years, only a few groups of farmers managed to get the loans and a lot of groups had their loan applications rejected. Thus various stakeholders began to think that the ISAL methodology might be the best alternative to formal financial institutions. In this context, this study seeks to investigate the effectiveness of the ISAL methodology in improving Agricultural productivity among rural small scale farmers in Shurugwi district.

1.2. STATEMENT OF THE PROBLEM.

From the advent of independence, rural small scale farmers have failed to access financial services from commercial banks and up to now, the accessibility of formal credit facilities

remains a major challenge. Amidst such financial exclusion, these farmers are not able to buy inputs or invest in agriculture, leading to low agricultural productivity. This explains the paradigm shift away from bureaucratically managed microfinance institutions or credit systems to locally controlled community methods of saving, such as internal savings and lending schemes (ISALs). Various NGOs have introduced the ROSCAS and ISALs methodology to improve the financial situation of small scale farmers in rural Zimbabwe. The thinking behind the adoption of ISALS was that ISALs alleviate poverty by financing livelihood strategies such as agriculture and empower rural people. However, it remains unclear if ISALs can act as an alternative to formal financial institutions in boosting agricultural productivity among rural small holder farmers. Therefore this study seeks to unpack and assess the effectiveness of ISALs as an alternative to formal financial services in improving Agricultural productivity among rural small holder farmers in Ward 10 and 11 of Shurugwi District.

1.3. OBJECTIVES OF THE STUDY.

1.3.1 GENERAL OBJECTIVE

To assess the effectiveness of ISALs as an alternative to formal financial institutions in improving Agricultural productivity among rural small holder farmers in ward 10 and 11 of Shurugwi district.

1.3.2 SPECIFIC OBJECTIVES.

1. To understand why farmers are adopting ISALs.
2. To understand how the farmers operate their ISALs to promote Agricultural productivity in Shurugwi, Wards 10 and 11.
3. To examine the extent to which ISALs have improved production among rural small holder farmers in Shurugwi, wards 10 and 11.
4. To establish challenges faced by farmers as ISAL group members or in administering their ISALs.

1.4. RESEARCH QUESTIONS.

1.4.1 GENERAL RESEARCH QUESTIONS.

How effective are ISALs as an alternative to formal financial institutions in improving Agricultural productivity among rural small holder farmers?

1.4.2 SPECIFIC QUESTIONS.

1. What factors explain the adoption of ISALS by small scale farmers in Shurugwi, wards 10 and 11?
2. How do the small scale farmers operate their ISALs to promote Agricultural productivity in Shurugwi's wards 10 and 11?
3. To what extent have ISALs improved production among rural small holder farmers in Shurugwi, wards 10 and 11?
4. What challenges have farmers faced as ISAL group members or in administering their ISALs?

1.5. CONCEPTUAL FRAMEWORK.

1.5.1. ISALS

Internal Savings and Lending Schemes (ISALS)has been called by various names like savings groups, Savings and Internal Lending Communities (SILC), Self Help Development groups (SHD), group savings and lending (GSLs), *Kufusha Mari, ukuholisana* depending on the location and agent promoting the ideology. The ISAL model improves upon the traditional Rotating Savings and Credit Associations (ROSCAs).

According to Catholic Relief Services (CRS), "SILC improves on the traditional systems by creating accessible, transparent and flexible accumulating savings and credit groups, which are user-owned and self-managed in the communities where members reside. Instead of disbursing all the savings contributions to one member at a time. ISAL is able to accumulate the

contributions of its members into a fund from which group members may internally borrow at a predetermined interest rate and terms" (Vanmeenen, 2010:1). The size of an ISAL group varies because in some cases it ranges from 5 to 15 self-selected individuals who meet regularly (usually weekly or fortnightly) to save and, if desired, borrow for short periods, paying monthly interest at a rate set by the group. After approximately 6 to 12 months, all savings and earnings are distributed back to group members (often referred to as a share out). The earnings usually are distributed in proportion to their savings. Savings Groups (SGs) respond directly to the unmet financial services needs of the remote and rural poor by providing: i) a secure place to save; ii) the opportunity to borrow in small amounts and on flexible terms; and iii) affordable basic insurance services. SGs aim to increase household financial assets and to decrease household vulnerability to financial and other shocks.

1.5.2 SMALL HOLDER FARMERS

Smallholder farmers are defined in various ways depending on context, country and ecological zone (Hazell, 2007). For example, Dixon et al. (2005) suggest that smallholder farmers face limited resource endowments relative to other farmers in the sector, whilst Todaro (1989) describes smallholder farmers as owning small plots of land on which they grow subsistence crops relying almost exclusively on family labour. A more comprehensive definition identifies one key characteristic of smallholder farmers as that they have access to land as means of livelihoods, whilst relying primarily on family labour for production (Ellis, 1988).

It should be noted that although smallholder farmers produce for family consumption, they also produce for the market, though to a lesser scale, thus showing the potential of small scale farmers to ensure food security both on a micro and macro level. Most agricultural economists has sometimes equated subsistence farming to smallholder farming where the main output is consumed directly, with a few purchased inputs and where a minor proportion of output is

marketed (Barnett, 1997). In some cases, smallholder agriculture generally refers to rural producers often referred to as small-scale, resource poor or peasant farmers predominantly in developing countries, who farm using mainly family labor and for whom the farm provides the principal source of income (Barnett, 1997). The small scale famers in Zimbabwe are widely known as communal or peasant farmers. They constitute 70 % of all farmers in Zimbabwe and more recently, A1 newly resettled farmers are also in the category of the small scale farmers.

1.5.3 AGRICULTURAL PRODUCTIVITY

The term productivity has been used with different meanings. The World Bank (2008) asserts that agricultural productivity can be defined as the total agricultural output per unit of cultivated area, per agricultural worker or per unit of input in monetary values. These may be separately called land productivity, labour productivity and capital productivity. It is generally the result of a more efficient use of the factors of production, and environment, arable land, labour, and capital among others. Any changes in these factors can results to increase or decrease in the level of productivity (World Bank, 2008).

It is commonly agreed that productivity is the ability of a production system to produce more economically and efficiently. Therefore, agricultural productivity can be defined as a measure of efficiency in an agricultural productivity system which employs land, labour, capital and other related resources. In line with World Bank (2008), Dewett (1966) explains it as follows; "productivity expresses the varying relationship between agricultural output and one of the major inputs, like land or labour or capital, other complementary factors remaining the same....” It may be borne in mind that productivity is physical rather than a value concept.

Tiwari et al., (1997) assert that agriculture productivity can be measured by methods such as assessing the value of agricultural production per unit area, measuring production per unit of farm labour, input output ratio, expressing production as grain equivalents, carrying capacity of land in terms of population, total production of all crops converted in terms of money, computing the intensity and spread indices of three variables, that is yield, grain equivalents and cropping system. For the purpose of this study agriculture productivity is defined as total output per unit area.

1.6 THEORETICAL FRAMEWORK

This study is rooted and guided by the empowerment theory within a development context. The empowerment theory originated from the Alternative Development school of thought and was first adopted by feminists in the 1970's to encompass women's empowerment (Assaad 2001). Friedmann (1992) arguing in support of the Alternative Development school of thought asserts that poverty is multi-dimensional and as such should be regarded not only in material terms, but as social, political and psychological incapacity. He therefore advocates for an alternative development committed to empowering the poor in their own communities, through political, social and economic participation in their localities and on a wider scale. Unlike centralized development policies that are top down, Alternative Development advocates for a bottom up approach that ensures participation of the affected in decisions that affect their lives. This helps in ensuring sustainability of development programs as people are motivated to take charge of their own development. Microfinance achieves this through economic empowerment of the poor. By organizing themselves into self-managing ISAL groups, and through harnessing their own resources, the poor are empowered to make strategic economic decisions that affect their lives and ultimately lead to reduction in poverty. After so many decades of failed

development approaches, empowerment and its inherent participatory perspective offer a compelling alternative development paradigm.

Despite its long history, first on the fringes of development theory and now in its role as ‘mainstream darling’ of the development industry, empowerment remains poorly defined and only vaguely comprehended. This is partly because it is by necessity a contextually located process and outcome and can therefore only be understood in terms of specific contexts and in consultation with the people supposedly being empowered. Despite this ambiguity, empowerment as a concept has gained development currency in the past few decades as the focus has shifted to participatory approaches within the global development context.

Kabeer (2001) defines empowerment as "the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them." As such, it cannot be understood as a single dimensional formula for change, either as process or outcome. It must instead be understood in particular contexts taking into account the specific needs of the people intended to be empowered. (Kabeer, 1998) Empowerment and disempowerment are both processes and outcomes. Neither the processes nor outcomes are clear, unidirectional, or simple, instead involving immense complexity regarding power over resources and the power to make decisions. (Datta and Kornberg, 2002).

In trying to expound and unpack the empowerment theory, Moffat et. al. (1995) provide what is probably the most comprehensive view of power which is the central concept within empowerment. They note that power operates in four distinct ways which are power over, power within, power to and power with. Firstly **power-over**: involves an either/or controlling relationship of domination and subordination based on the notion that amounts of power are

fixed and power exchanges thereby necessitating a situation in which each one's gain or loss of utility is balanced by the losses or gains of the utility of the other person or partner. This form of power often leads to intimidation and threats of violence. Secondly **power-within**: this involves spiritual strength based in self-acceptance, self-respect, self-esteem, self-awareness, consciousness raising, self-confidence, and assertiveness. Respect for self is extended to respect for and acceptance of others as equals, recognizing complexity and complementarity. Also **power-to**: is creative, productive, and enabling and considered the essence of individual empowerment. It involves capacity building, decision-making authority, leadership, the power to understand how things work, and problem-solving skills. And lastly **power-with**: this is a collective form of power where people feel empowered by organizing and uniting around a common purpose or understanding. It involves a sense of whole greater than the sum of individuals. As Williams et.al. (1994) explain when examining this framework, **power over** is the prevailing and most common conceptualization and yet is the most destructive and antithetical to development. For the purpose of this work and in concurrence with Williams et.al, this study concentrate on the other three dimensions which are power within, power to and power with.

In line with the comprehensive view of power, the main thinking behind the empowerment theory is that it gives the poor the ability to make strategic decisions that can enable them to escape poverty. By a mere fact that rural small holder farmers are participating in ISAL activities they can improve their access and control of economic resources, thus enhancing them to make decisions that can change their individual lives, their household fortunes and the community at large for the good. In this study the fundamental and topmost goal of economic empowerment is to reduce poverty in general by improving Agricultural productivity.

The empowerment theory comes in two clusters which are the “Ripple” Approach and the “Comprehensive” Approach. The “ripple” approach has a single focus or entry point, with "spin-off" effects on other dimensions of empowerment. According to Assaad (2001), empowerment has various dimensions which include the: “economic, social, cultural, educational, legal, political and personal”. The "comprehensive" approach supports the multidimensional approach to empowerment. This entails making use of various empowerment models simultaneously to produce positive development results.

As the name implies, the “Ripple Approach” begins with an economic entry that is hoped to have a ripple effect on all other forms of empowerment in a processual manner. This approach therefore sees microfinance economic empowerment initiatives as having multiple effects at many levels namely, “the household, community, markets and governments and in all spheres of life: social, economic and political” (Carr et al. 1996:208). They further argue that “any intervention on women’s empowerment should recognize, promote and build upon the centrality and power of economic resources, which could then have an effect on the overall empowerment process” (Carr et al 1996:210). This study also tries to deviate from focusing on women only but focus on both men and women who have been suffering because of lack of access to formal financial services.

From their study of the Grameen Bank and Bangladesh Rural Advancement Committee (BRAC), Hashemi and Riley (1996) concluded that the ripple approach was successful in empowering women economically. They argue that the availability of credit strengthened the women’s economic roles, thereby enabling the women to contribute to their family’s financial needs. This in turn led to the reduction of poverty in the household and the community at large. Hunt and Kasynathan (2001:48) posit that access to credit increases women’s self-worth and self-respect since they are economically empowered to contribute to household finances. They

further argue that that increased social interaction at group level increases women's awareness of their rights. With increased capacity building support from development organizations and support from group members women are able to negotiate significant increases in power and decision making within their households and within the community, thus leading to reduction in poverty.

The second approach to empowerment is the comprehensive approach. This approach goes beyond access to economic resources. Instead the approach advocates for both access and control because, as Kabeer, (2001) argues, it's possible to gain access to resources but not have control over them. Thus, as Kabeer (2001:30) argues, "access indicators are not sufficient, but should be supplemented by indicators of "control" over resources and its effect on decision-making abilities, in order to become an indicative measure of empowerment". Thus indicators of empowerment should be able to measure in addition to access, the control that the poor have on decisions that affect their destiny.

This study is going to be premised on both the ripple and comprehensive approaches to empowerment. Rooted on the empowerment theory, the study tries to establish if participation in ISALs activities in particular is empowering the small holder farmers and enabling them to generate income and carry out economic activities in general and invest in their major livelihood strategy, agriculture.

1.7. SIGNIFICANCE OF THE STUDY

The study generates information on why people save, how much they contribute, what they use their savings for and how these savings help them improve their agricultural productivity. This information helps the various stakeholders such as NGOs, the local people, ministry of finance, ministry of agriculture, local governments, MSU Library, future researchers and students.

NON-GOVERNMENTAL ORGANIZATIONS

This study is going to provide some insights on approaches to rural development for NGOs involved in economic empowerment of rural communities in general and small holder farmers in particular. This will also assist them in reviewing the usefulness of ongoing microfinance programs and future ones thus it will offer an insight on the establishment and reformation of future financial services. Furthermore the results are intended to assist other NGOs dealing n intending to embark on rural microfinance programs to better understand the dynamics and impact of ISALs to its members. The research also investigate gender dynamics in ISALs and this will help in putting forward recommendations to NGOs especially with regards to the question why are there more women than men in ISALs. Thus it will help in improving their future programming solutions so as to enhance the effectiveness of the strategy.

FORMAL FINANCIAL INSTITUTIONS.

Information such as how much they save can be used by formal banks in assessing the risks of lending money to the rural poor and to demystify some of the issues surrounding lending money to the rural small scale holder farmers. The total amount of money they contribute is estimated to be a third of their total incomes and such statistical information is also important to banks. The total amount one gets from each cycle help banks and financial institutions to determine the amount of loans they can release to ISAL group members so as to help them invest in their

land. Normally, banks offer loans four times more than one's monthly income and this will help the bank to determine the exact amount that can be given to the rural people as loans.

COMMUNITIES.

Moreover information such as how these savings help them improve their agricultural productivity can be used to encourage other farmers to form ISAL groups or use their ISAL savings to invest in agriculture.

The findings will also assist the communities in the study area to know their stand in terms of the extent to which the micro finance programs operating in their area contribute towards the promotion of a culture of savings among the communities through the investments in enterprises. The communities will be able to establish whether participation in micro finance programs increases their savings, hence levels of income. Thus the study's focus and its findings will assist to sensitize the communities whether these micro finance programs are having good practices to move rural communities out of poverty.

There are many organizations implementing a lot of different micro finance programs such as ISALs, ROSCAs and credit led self-help groups that encourage access to finance in rural areas to promote investments in rural communities therefore through this study they will be able to compare the various schemes and be able to determine which one is most suitable for them and more profitable.

GOVERNMENT

More so, this kind of information can also be used by policy makers on how best they can support traditional methods of savings such as ISALs which are aimed at boosting Agricultural

productivity since our economy is agro-based. The various government line ministries stand to benefit from this study in different ways which are explained below.

a.) MINISTRY OF FINANCE

This work might inform the ministry of finance so that it will be able to effectively carry out its main task which is to advise and coordinate the formulation of appropriate fiscal and monetary policies, oversee the financial sector and enhance the soundness of microfinance activities through policy coordination.

b. MINISTRY OF AGRICULTURE

The results from this study will add positively to existing literature and bridge the existing gap on the impact of ISALS in improving agriculture productivity. This research might also encourage the ministry of agriculture to support such programmes by building the capacity of their ward based staff such as Agritex officers so as to ensure that community based rural finance programmes are sustainable by ensuring that there is enough technical support. That would also necessitate the easy spreading of the initiative into the different parts of the country because ward based agricultural staff are almost present in all the districts in the country.

c. RURAL DISTRICT COUNCILS (RDCS)

The findings of this study will not only add to the literature on rural finance but also provide relevant information on sustainable development that can be useful not only for ward 10 and 11 of Shurugwi but throughout the district and the country. As already alluded to, the study outcome will therefore be of vital importance to all rural development practitioners whose aim is to create sustainable livelihood initiatives in the rural community. Noteworthy is the point that not all RDCs or wards are undertaking such initiatives thus as agents of rural development

RDCs might be encouraged to invite NGOs implementing such projects to spread the program into their wards and they will also be supportive whenever their support is needed by ISAL groups for instance the stamping of their group constitution among others.

MIDLANDS STATE UNIVERSITY

The institution stand to benefit since the completed study is to be deposited in the university's repository. It will join the existing literature on the role of micro financing in poor countries such as Zimbabwe, especially as it relates to boosting agriculture production. Future researchers and fellow students pursuing a similar inquiry will thus benefit from the document as it will be available in the university library for use.

1.8 DELIMITATIONS.

This study focuses on the effectiveness of ISALs as an alternative to formal financial institutions in improving agricultural productivity among rural small holder farmers in ward 10 and 11 of Shurugwi District.

The researcher chose ward 10 and 11 for various reasons which are convenience and to reduce expenses. This is where farmers have previously been undertaking ROSCAs and have since shifted to ISALs in their numbers. Also the researcher selected the two (2) wards because in this study, he seeks to undertake a comparative analysis of the findings from farmers from these wards that have adopted the same ISAL methodology.

Moreover, out of the 24 wards that make up Shurugwi, wards 10 and 11 are at the center of the district, and are thus easily accessible in a cost-effective manner. For instance, ward 10 is close to the Shurugwi-Mhandamabwe highway and starts from Chachacha growth point where there are also reliable mobile networks, thus it is easier to mobilize farmer groups. Also these are the

earliest wards to adopt the ISAL methodology in July 2015 and are at the center of NGOs interventions. Also, these are the wards where quite a number of farmers have given hid to the call by NGOs to invest their ISALs into their main livelihood strategy, which is agriculture. The researcher opted to limit the study in a rural setup, simply because that is where smallholder farmers are located.

1.9. LIMITATIONS.

As a student one of the major limitations in carrying out this study was the time factor. In the bid to try and solve this limitation data collection was done during the first semester break and the June to August vacation. More fieldwork was undertaken during the second semester break in September and during weekends.

There was also some financial constraints. As a student money to print the questionnaires, to move from one place to another to carry out field work was a challenge and this explains why this study was limited to two wards which are ward 10 and 11.

1.10. RESEARCH ETHICS.

- In carrying out this study, confidentiality was one of the top priorities during the conduction of fieldwork. In the introduction of every interview, respondents were assured of confidentiality in all the responses they were to give.
- Consent of the farmers to provide information about their ISAL strategy and its relationship with their agricultural activities was sought before every interview or focus group discussion was carried out. The researcher fully explained the main reasons behind the study such that farmers responded fully knowing how the information they provided was to be used.
- Language was also another consideration of paramount importance for the study. The local language was used in order for the farmers to feel comfortable and understand the

questions they were asked. The main language that people use in Shurugwi district is Shona and as such English questions were translated into Shona to enhance understanding and obtain quality responses.

- Plagiarism was one of the major ethical considerations and to guard against plagiarism the researcher acknowledged all the sources from other academics.

1.11. SUMMARY.

This opening chapter focused on giving an insight into the area of the study, highlighting the background of the study, statement of the problem, research objectives and questions, conceptual framework and theoretical framework, significance of the study, delimitations and limitations of the study. The following chapter reviews literature on small holder farmers and the production challenges bedevilling them, especially their financial exclusion since the pre-independence era and the origins of the concept of microfinance among others.

1.12. STRUCTURE OF THE DISSERTATION

Chapter one introduces the whole study. Chapter two concentrates on the review of literature, on financial exclusion of small holder farmers and the general solutions; the origins of the concept of microfinance in the global village in general and in Zimbabwe in particular. Chapter three presents the research methodology used in the study and chapter four covers data collection, analysis and presentation. The fifth chapter provides main conclusion as well as recommendations.

CHAPTER 2: LITERATURE REVIEW.

2.0 INTRODUCTION

There seems to be much consensus on the general impediments to the attainment of high productivity among smallholder farmers. However given still birth that characterised various government led initiatives such as subsidised agricultural finance programmes, there is still a hotly contested debate with regards to strategies of enhancing agricultural productivity among rural smallholder farmers. Therefore this chapter unpacks its findings from the reviewed literature from the academic body of knowledge on issues regarding agricultural productivity among rural smallholder farmers. This chapter also talks about the impact of ISALs on agriculture as well as exploring the benefits of the ISAL methodology over other microfinance initiatives such as ROSCAs. This comparison helps one in understanding why this research has suggested ISALs as a better alternative in improving productivity among the smallholder farmers.

2.1: CHALLENGES TO BETTER AGRICULTURAL PRODUCTIVITY.

The world over farmers face the same common threats to their productivity and livelihoods. However in Africa the challenges go beyond damaging weather, pests, and disease, thus **s**mall holder farmers encounter various physical, socio-economic and political challenges which often prohibits them from attaining high productivity. To acknowledge that Made (2013) asserts that production of crops and livestock in Sub-Saharan Africa is characterized by low yields. The average yield of basic crops is inadequate to meet the needs of producers, either for direct consumption or for family income. It is noteworthy that low productivity that characterize the state of African agriculture has a lot to do with the low level of income per capita. It has been estimated that smallholder farmers in the African continent are around 85% of farmers cultivating an average piece of land spanning approximately 1.6 hectares .To

augment the above thinking Smaling et al (2006) and Ariga et al (2006) asserts that with regards to use of inputs the average fertilizer application rates for arable crops in four Eastern countries which are Kenya, Ethiopia, Tanzania and Uganda are far below the world average of 100kg per hectare per year. For instance it is estimated to be at 30 kg/ha/year in Kenya, 5kg/ha/year in Tanzania , 1 kg/ha/year in Uganda and 14 kg/ha/year in Ethiopia.

The other problem is that of expensive key inputs such as fertilizers, seeds and pesticides and for this reason small holder farmers have significantly reduced the use of quality inputs such as pesticides, fertilizers and seeds. A good case in point in 2006 as was reported by the UNDP (2007) is the fact that the respective use of improved seeds, agro-chemicals and fertilizers were only 6.3 per cent, 3.4 per cent, 1.0 per cent in Uganda. R & AWG (2007) also notes that according to the Tanzania's Poverty and Human Development Report of 2007 in Tanzania 72 percent were not using agrochemicals (pesticides, herbicides or insecticides); 77 percent were not making use of improved seeds and lastly about 87 percent of farmers were not using chemical fertilizers as a result of high costs of agricultural inputs and services

To further illustrate how farmers' of lack access to critical inputs inhibits high levels of productivity FAOSTAT (2015) notes that fertilizer in some African countries cost to 10 times more than in other developing nations. Even when these inputs are available, input pricing is often too high for smallholders resulting in fertilizer use in Sub-Saharan Africa of just one tenth the world average. Lastly the World Bank (2009) highlights that 70 % of Africans work in Agriculture but only 10% of the total portfolios of commercial banks goes to Agriculture. Challenging legal and financial environments are constraining growth in African Agriculture. For small holders especially credit is often inaccessible or unaffordable. This explains why the World Bank (2009) posits that without appropriate financing, farmers are not only less able to invest in their operations but are also much more exposed to market volatility and unpredictable weather.

Apart from lack of inputs or access to credit Made (2014) lamented that lack of tillage facilities, inadequate research and extension services, water problems or drought also explains why there is low yields in Zimbabwe in particular and Africa in general. To begin with droughts, noteworthy is the point that most of the small holder farmers in Africa depend and rely on rain-fed agriculture. However Sub-Saharan Africa as a region has been rocked by droughts prompting scholars such as Nyagumbo et al (2009) to posit that production in agriculture have been seriously affected and yields have overall declined tremendously with some areas experiencing complete crop failure due to extended dry spells and erratic rainfall patterns.

Another challenge has to do with lack of access to viable and sound markets. Smallholder farmers can manage to produce better quantities especially in grain production. However the major challenge has to do with accessibility of viable and sound markets due to various factors such as lack of consistence in production, poor grain quality and poor road networks. In most cases smallholder farmers' market is their local business centers, schools and community members. The big markets require consistency in production as a pre-requisite before they engage any farmer but small holder farmers usually are inconsistent. Given the below expected quantities and poor road networks there is no incentive for big markets which are located in big towns and cities to go down to rural areas and purchase their produce thus market becomes one of the major challenges and at the end they will sell their produce at a give-way price . That also impacts on their investment in agriculture for the following seasons, thus productivity will continue to decline.

Livestock production in Sub-Saharan Africa in general and in Zimbabwe in particular is faced with these same constraints as crop production. The major problem is that there is degradation

of the natural environment (resources) as a result of over-use in areas with high stocking densities whereas vast lands with great potential for livestock cannot be utilized because they are infested with disease or lack the necessary infrastructure (Made 2013). This is also coupled with the menace of climate change which leads to scarcity of grazing land and sufficient water sources which will in turn force livestock to succumb to diseases. In addition to that, lack of access to finance or credit facilities compromise farmers' ability to respond to diseases and buy supplementary stock feed during times of drought. Thus compromising their production.

Apart from limited access to working capital and difficulties in accessing agricultural finance, which stem from a lack of credit, financial services that are poorly adapted to the new tenurial situation, and unfavorable borrowing conditions Kapuya et al., (2010) also mentioned inadequate training in production and crop management as one of the challenges inhibiting the realization of high or better productivity. They are of the view that this stems from poor extension services, and, therefore, a limited transfer of technology from research.

According to Made Joseph (2013), a number of problems limit production and marketing of agricultural produce by smallholder farmers and these range from lack of access to financing to lack of access to market. Made as a minister of Agriculture also outlined the various strategies that can be employed to ensure that productivity is improved among small holder farmers and despite of its weaknesses he also mentioned micro-financial institutions especially community self-help groups such as ISALs or VSALs and this authenticates this study which seeks to investigate the effectiveness of one of the community self-help groups which is Internal Savings and Lending.

2.2: UNPACKING THE VILLAGE SAVINGS AND LENDING OR ISAL MODEL.

ISAL has been called by various names like savings groups, Village Savings and Lending Savings and Internal Lending Communities (SILC), Self Help Development groups (SHD), group savings and lending (GSLs), *Kufusha Mari, ukuholisana* depending on the location and agent promoting the ideology. The ISAL model improves upon the traditional Rotating Savings and Credit Associations (ROSCAs). According to Catholic Relief Services (CRS), "SILC improves on the traditional systems by creating accessible, transparent and flexible accumulating savings and credit groups, which are user-owned and self-managed in the communities where members reside. Instead of disbursing all the savings contributions to one member at a time, ISAL is able to accumulate the contributions of its members into a fund from which group members may internally borrow at a predetermined interest rate and terms" (Vanmeenen, 2010:1).

This work adopt the explanation that was given by WE EFFECT (2015) which states that The VS&L/ISAL approach was developed by CARE Niger building on the ROSCA model. A VS&L or ISAL is a self –selected group of people, (usually unregistered) who pool their money into a fund from which members can borrow. The money is paid back with interest, causing the fund to grow. The regular savings contributions to the group are deposited with an end date in mind for distribution of all or part of the total funds (including interest earned) to the individual members, usually on the basis of a formula that links pay out to the amount saved. This lump sum distribution provides a large amount that each member can then apply to his or her needs.

A VS&L group is formed by community members after a self -screening process. Though the group size vary the average group size range from 5-9 members. Once a group is formed the

members start saving amounts they agree upon based on the group objective. At any given time, any money contributed or saved by the group member should be loaned out to group members only. Non-members wishing to borrow are encouraged to form their own groups.

The VS&L concept is one alternative that can help communities to maximize their return on investment. This model does not only create a platform for community members to save their money, but it also creates a pool of funds from which members can borrow (WE EFFECT 2015). The process of savings and internal lending can actually cause the group fund to double within a single year.

It is important to mention the fact that the savings contribution per member, interest rate and repayment periods are all determined by the members. All the three variables should be linked directly to the group objective. Each group has the liberty of setting up their own savings contributions. What this means is that, if a group is comprised of members who feel could only afford to save say USD1, no one has the right to stop them from doing so as long as they understand the implications of this on their overall objective.

COMPARISONS BETWEEN ROSCAS AND ASCAS.

ISALs are seen as a methodology that was built from ROSCAs and as such that gives the impetus for this study to bring out the difference between ROSCAs and ASCAs a category under which ISALs falls in. Rotating Savings and Credit Association (ROSCA) methodology is a traditional method of saving money. This method is also traditionally known as the merry go round and under this approach, the participants contribute fixed amounts of money and give it to one person and in the month they do the same until every person has had a chance to receive their share. There are no interests that are charged under this system.

Whilst on the other hand the Accumulative Savings and Credit Association (ASCAs) is a modification of the ROSCA. Under this approach, the group creates a fund from which the members borrow, and return with an interest. The group members will then share the cumulative total amongst the members at the end of the agreed timeframe. The VS&L methodology can actually be classified under the ASCAs.

2.3 INTERNAL SAVINGS AND LENDING (ISAL) OR VILLAGE SAVINGS AND LOANS IN AFRICA.

The group saving approach which has a long tradition in Sub-Sahara Africa was adopted in the form of traditional Rotating Savings and Credit Associations (ROSCA). In this approach, each participant makes a regular and consistent contribution to a common fund, which at each meeting is given out to a different member of the group till each member has benefitted from the fund once. Based on this scheme in Niger Accumulating Savings and Credit Associations (ASCA) a common term for community based savings clubs were developed in 1991 within a program of the NGO CARE International and it was called "Mata Masu Dubara" Women on the move. Under this programme people that trust each other usually from the same locality and who share experiences or some history form a group, contribute individual savings to a loan fund, accumulate savings together which in turn made small flexible credits (loans) available to members from the group's funds for emergencies, consumption, or investment.

The system proved to be very popular and was spread out to other countries by a number of NGOs. For instance only in Niger where it originated after a period of over 14 years the programme has developed to be the biggest and leading financial services system with more than six thousand (6,000) Associations made up of around 182,000 organized women through-out the country. It also mobilizes and manages savings worth more than $3.0 million at any one time. More so more than 90% of the Associations are fully sustainable, mature and independent of CARE International (CARE 2003).

Today CARE call these Village Savings and Loan Associations (VS&LAs) and this name indicate their likely scale and the predominant type of participant. CARE's VS&L programmes now reach about 507,000 people in 18 countries in Africa and a further 333,000 in India and today, more than 6 million people around the world are ASCA members (CARE 2009). It has also been noted that women constitute more than 70% of the participants. Scholars suggest that VS&LAs are more attractive to participants than ROSCAs, because they offer interest on savings and provide micro-insurance and loans in useful and varying amounts usually in excess of the borrower savings, at times that are convenient to the borrower and for varying lengths of time. VS&LAs are not as widespread as ROSCAs because they require a system of record keeping and are more complex to administer and today they are given different names depending with the location. It is for this reason that organizations such as CARE, WE EFFECT, World Vision, and Catholic Relief Services have an important role to play in facilitating the spread of the methodology through trainings.

2.4: IMPACT OF ISALS ON AGRICULTURE.

A couple of studies have been carried out with the aim of investigating the impact of microfinance on the welfare of the poor people in general and for the purpose of this study , its impact on agriculture especially on smallholder agriculture was extracted . Noteworthy is the point that while some agree to the notion that microfinance have a positive impact on agriculture , others suggest that microfinance on its own can-not guarantee that there will be increased productivity in agriculture thus it needs to be collaborated and synergized with other strategies such as effective delivery of extension services and establishment of market linkages. This study agrees with such sentiments that microfinance programs on their own cannot ultimately guarantee productivity. However in Africa a lot of post-colonial governments especially the Zimbabwean government has embarked on various strides in trying to improve some of the areas like ensuring that there is adequate and effective extension delivery services

by increasing the number of extension workers per ward just to mention but a few , thus in a way this study argues that the coming in of ISALs is not going to be treated as a stand-alone strategy rather it is just complementing other strategies that are already in existence for the betterment of Zimbabwe as an agro-based country.

Firstly different studies that were carried out the world over have reached to a conclusion that agricultural loans or internal savings and lending have a positive impact on agriculture. For instance a study that was conducted by Alam (1988) which sought to measure the productivity growth of the Grameen Bank members, found that as a result of participating in the bank, farmers have allocated a greater percentage of their land for the production of high-yielding varieties (HYV). They have also managed to improve their agricultural productivity, which they were not affording prior to joining the Grameen bank as a result of their low income level. Henceforth joining the Grameen Bank credit programs has increased their income and since they have adopted the group methodology , it is moderately easier for them to get high-yielding varieties inputs at a low average cost and consequently, in general members of all programs, have realized a higher agricultural productivity in terms of per acre yield.

Similarly another study on the impact of several west Nile Saving Groups on agriculture, that was conducted by Allen (2005) using a variety of indicators reached the conclusion that ISAL members had amassed useful sums at cash-out and they invested in agriculture including livestock, business stock. Sumay (1999) also testified the need for loans to improve land, purchase inputs and other forms of farm investments. The conclusion from the derived from the same study demonstrate that agriculture requires large amounts of money in the purchasing of required inputs and also to fund its productive capacities. As a result loans are of paramount

importance in agriculture since a lot of farmers have insufficient money to purchase inputs and they largely depend on external sources of income.

According to Fowler *et al*., (2011) the experience of CARE internationals Internal Savings and Lending (ISAL) and Agribusiness Entrepreneur Network and Training (AGENT) projects in Zimbabwe provide proof that saving groups increases the ability of smallholder famers to buy agricultural inputs. From the time when the AGENT project was implemented famers have enhanced their productivity in a large percentage compared to the past because they were financed in purchasing inputs for their farming activities. Another study of the CARE international ISAL programme that have been carried out by Fowler and Panetta, (2011) also discovered that access to credit enabled group members to purchase a bulk of agricultural inputs in a timeously manner and at lower cost (since they would buy as a group) without resorting to disposal of valuable household assets. Lastly an evaluation of the CARE supported programme in 2004 in Zimbabwe revealed that there was an increase in accumulation of both household productive and non-productive assets especially in areas controlled by women. For instance respectively there was an increase in small livestock and agriculture equipment and an increase in household utensils (CARE 2006).

Again a study that was carried out in Sierra Leone to establish how participants use their savings found out that ISAL has flexibility in supporting a range of member's financial needs and members are able to access loans as and when they require them to meet e.g. seasonal demands like agricultural inputs. (Vanmeenen, 2010) According to Vanmeenen, (2010) it was established that members allocate about 28% of their savings towards agriculture and that was the second highest after trade. The other percentages were allocated towards education, household goods, food, medical costs and investment. Lastly farmers who are SILC members

also recognize the real potential of savings and look to invest more income from their harvest to pre-finance seeds and fertilizer (by pre-paying suppliers to lock in input quality and price) or, at the very least, to set aside additional savings for the purchase of input in future.

In Tanzania, CARE International implemented in 2009 the VSL methodology and the Conservation Agriculture (CA) Project which focused on the Southern part of the Uluguru Mountains in Morogoro Rural District. According to CARE, (2009) the project has been specifically implemented in 14 villages located in Kasanga and Kolelo wards in Morogoro Region. The over aching objective of the project was to improve viable and sustainable resource conservation in order to support the livelihood security of smallholder men and women farmers. Generally, VSL was aimed at enabling farmers to have access to capital for improving their agriculture activities by enabling them to join as individuals or as groups (CARE, 2009). To validate the above notion Mninbo (2013) carried out a study in the Southern part of the Uluguru Mountains and found out that majority of the respondents reported using loans for agricultural activities. For instance 41% percent of the respondents used their savings to pay their wages for casual labourers. Others use their loan for the purpose of purchasing agricultural land (13%) land preparation and cultivation (31%) and weeding (15%). The study also established that there was an indication that farmers who participated in VSL had increased their productivity per unit of cultivated land at household level. For example VSL non-members had a lower productivity which ranged from 0.13 to 0.14 t/ha compared to VSL members whose average productivity ranged between 0.19 and 0.20 t/ha.

However as was highlighted earlier on, some researches argue that provision of small loans to farmers only cannot guarantee increase in agricultural productivity. For instance Yunus (2004), is of the view that the supply of loans to farmers should be reinforced by delivery of extension

services, storage and marketing facilities which can be provided either by the government or the institution that is providing the credit. This will go a long way in helping farmers to increase their level of productivity. According to Mnimbo (2013) other studies have suggested that there is no direct linkage between provision of loans and agricultural productivity arguing that loans only improve the standard of living and not agricultural productivity. While this study agrees with Yunus (2004) on the idea that microfinance needs to be complemented by other strategies to guarantee increased productivity, it however disagrees some views that suggest that there is no direct linkage between provision of loans and agricultural productivity. The disagreement stems from the point almost all studies on agriculture have indicated the impeccable and indispensable role that access to finance can play in improving agricultural production and farmers who lack access to finance experience low productivity and thus a direct linkage. Noteworthy is the point that though this study agrees that ISALs or microfinance should be complemented with other strategies as mentioned earlier on, still it focuses on ISALs alone on the basis that as a strategy it's just there to complement already existing strategies thus it should not be treated as a standalone strategy.

2.5. CONCLUSION.

This chapter provided findings from the reviewed literature on challenges facing smallholder farmers in Africa in general and in Zimbabwe in particular which inhibits them from realizing better agricultural productivity. Issues to do with the origins of ISALs or village savings in Africa and the general impact of ISALs especially on agriculture were also discussed.

CHAPTER 3: RESEARCH METHODOLOGY

3.0. INTRODUCTION

This chapter is going to discuss the details of the research methodology that was adopted and used by the researcher in carrying out this study. According to Potter (1997), a research methodology is the way in which information is obtained or the procedure of collecting data. It is how the study was carried out, indicating how the sample was drawn from the population and what research instruments were used. In line with the above definition this chapter also discusses the target area, target population, sampling method, research methods and data analysis techniques utilized in this study. It also explains the research ethics that guided this study as well as defining the above mentioned key terms or items.

3.1. RESEARCH DESIGN

There are two main kinds of research methods, that is, qualitative and quantitative. In pursuit of comprehensive research results, this study adopted a mixed methods research design. According to Borg and Gall (1989), qualitative and quantitative designs have strengths and weaknesses and using them in a supplementary manner results in a more comprehensive study. In trying to expound the methodology, scholars such as Creswell (2006:5) defines mixed method research as a method that "focuses on collecting, analyzing and mixing both quantitative and qualitative data in a single study. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than utilizing either approach in isolation. As a result, the mixed research method provides strengths that offset the weaknesses of both quantitative and qualitative research. The mixed research method permitted the researcher to adopt and make use of wide-ranging data collection tools than when using either quantitative or qualitative alone. Through the use of qualitative data to explain quantitative data and quantitative data to explain

qualitative data, mixed research methods provided answers to questions that could not be answered by the independent use of either quantitative or qualitative research.

3.2. TARGET AREA

The target area for the research was ward 10 and 11 of Shurugwi district. These wards were chosen because firstly in these wards, there was extensive ROSCA microfinance initiatives before the coming in of ISALs and this is where a lot of ROSCAs shifted to ISALs that are being promoted by the EXTRA project since 2015. Thus, most of the members have almost 2 years being in ISAL activities and that provides a good understanding of the concept. Lastly this study selected ward 11 mainly because there is an irrigation scheme which has been using ISALs for all its agricultural activities for 2 years and then ward 10 dryland farmers as well as some dryland farmers from ward 11 so as to compare the results.

3.3. TARGET POPULATION

According to Perakyla (1997), a study population is seen as the entire group of people or set of objectives and events the researcher wants to study. In this research, the population was limited to 987 ISAL group members, 20 non-ISAL members, 6 field officers from the EXTRA project, 4 Community Based Mobilizers and Trainers, as well as 6 staff members from relevant government ministries. Non-ISAL members were only considered for control or comparison purposes and this explains why only 20 non-members, were taken from the two wards. The study population was made up of 987 people which is the total number of those in ISALs in the two wards. The study population was obtained from the EXTRA project Shurugwi district ISAL database which indicated that ward 10 has 28 ISAL groups composed of about 353 households, whilst ward 11 has 47 ISAL groups made up of about 634 households. In order to increase the validity of the research results, this study also fused irrigation scheme members

and dryland farmers. Furthermore, the population for this study encompasses the people who have been engaged in ISAL activities for at least two years and live in wards 10 and 11 of Shurugwi district. This is because they are well informed and they know much about the pros and cons of ISAL activities, so they can reflect better to the data collection tools.

3.4: SAMPLING METHOD

The researcher employed both probability and non-probability sampling techniques in conducting the study. The researcher firstly conveniently selected wards 10 and 11 since the ISAL microfinance programs exist extensively in this area and since the EXTRA project is also supporting ISAL group programs in these two wards. Thus data gathering and triangulation was made easier. The people for the interviews were selected from the Shurugwi district EXTRA project ISAL database using systematic random sampling and this made it easier for the researcher to obtain a statistically precise study population and sample. The researcher also used judgmental or purposive sampling techniques to select ISAL-non-members survey respondents from the local community.

PURPOSIVE SAMPLING TECHNIQUE.

Purposive sampling technique falls under qualitative research method and is a non-probability sampling technique. It is also known as selective, subjective or judgmental sampling. Purposive sampling relies on the judgement of the researcher when it comes to selecting the units**,** in this case when it comes to people that were studied. The researcher employed purposive sampling in selecting respondents among government extension workers, community based mobilizers and non-ISAL members. Gender balance was first considered in the process of purposively selecting respondents. With regards to government extension workers the researcher selected those who had been trained on the ISAL methodology by the EXTRA project since the

inception of the project in the district. This was done because not all of the extension staff had been trained. Lastly for non-members the researcher selected those who had never been involved in microfinance programs.

SYSTEMATIC RANDOM SAMPLING TECHNIQUE.

Systematic random sampling is a type of probability sampling technique which falls under quantitative research method. To carry out systematic random sampling the researcher made use of 7 steps which are defining the sample size, choosing a sample size, listing the population ,assigning numbers to cases, calculating the sampling fraction, selecting the first (1^{st}) unit and lastly selecting the required sample.

Firstly the researcher defined the population. The population was made up of 987 ISAL group members from the two wards. The population was expressed as N. Since the researcher was interested in all of these ISAL group members, the sampling frame was made up of all 987 members. Secondly the researcher chose a sample size of 100 ISAL group members. The sample was expressed as n. The sample size was determined using a sample size calculation of 10% of the total population, which is a particularly useful statistical tool. However the sample exceeded 10% because the researcher decided to round off the figure to 100.The researcher also selected a sample of 100 ISAL group members and listed them after identifying all the 987 ISAL group members from the EXTRA project Shurugwi District ISAL groups' database.

The fourth step was the process of assigning numbers to cases. The researcher assigned a consecutive number from 1 to *N*, next to each of the ISAL group members and that means the researcher assigned a consecutive number from 1 to 987 (N = 987; the total target population of ISAL group members from ward 10 and 11). After selecting a sample size of 100 ISAL

group members, the researcher also worked out the sampling fraction, which is simply the sample size selected (expressed as n) divided by the population size (N). For instance:

Sampling fraction = n/N = 100/987 = 1/10 (that is 1 in 10)

The sampling fraction shows that the researcher had to select 1 member in every 10 members from the target population of 987 from the two wards. This was done 100 times, giving the researcher a pre-calculated sample of 100 ISAL group members. The researcher first selected the first unit (i.e., the first member), which starts the process of creating our sample. In addition the researcher selected the first unit. The researcher selected 1 member in every 10 members and first used a random number table to select the first member. The first number in the random number table was 2. As such, the first member was the 2nd on the list of 987 ISAL group members. Lastly a sample was selected. Since the first unit had been identified, namely the 2nd member on the list, the researcher selected the other 99 members to make up a sample of 100 members. The researcher selected 1 member in every 10 members from the list and used the 2nd member as the starting point and then selected every 10th student from that point. As such, the researcher also selected the 12th member on the list, the 22nd member, the 32nd member, 42nd, 52nd and so forth.

3.4.1: SAMPLE SIZE

As noted above, there are 75 ISAL groups, constituting a total of 987 households. The researcher thus used a sample of 100 household, taking ISAL group members from each of the sampled households as participants. According to the EXTRA project Shurugwi district ISAL database ward 10 has 28 ISAL groups composed of about 353 households, whilst ward 11 has 47 ISAL groups made up of about 634 households. So the sampling drew from the 987 households with members in ISALS in the two wards combined and the sample size exceeded

10%. The researcher also included an additional 20 non- members, 10 from each ward as a control group. The following are the sample sizes for each category of respondents that were purposively selected from each ward.

Figure 1: Sample size and sampling techniques

Category	Population	Sample	Sampling technique
EXTRA Project	6	3	Systematic random sampling
Community Based Mobilizers and Trainers from the 2 wards.	4	4	Purposive sampling
Government Extension workers from the 2 wards	6	4	Purposive sampling
ISAL group members or households from the 2 wards.	987	100	Systematic random sampling
ISAL non-members	20	20	Purposive sampling
Total/n	1023	131	13% sample size

3.5. DATA COLLECTION TECHNIQUES

3.5.1: INTERVIEWS

The researcher extensively made use of the interview technique which fulfils the qualitative component of the mixed research design utilized in this study. Under this technique, the researcher specifically used in depth interviews and key informant interviews (KIIs). As was

postulated by Brink (2006), an interview is a face to face interpersonal process in which the researcher asks participants questions to acquire facts with regards to the research problem under study from their point of view. The interviews were meant to access the respondents' feelings and perspectives relating to the challenges faced by smallholder farmers and the impact of the ISALs program on agricultural productivity. The researcher used both open ended and closed questions that elicited depth of information from relatively few respondents. A total of 40 respondents (20 ISAL members and 20 non-members) were interviewed. The in-depth interviews were mainly conducted in the respondent's language of preference and the researcher transcribed the data. During the research, the researcher observed that one of the major advantages of interviews over questionnaires is that the individual being interviewed is unable to provide false information especially on gender and age. It also helps to capture verbal and non-verbal ques. The researcher also had to avoid the use of leading questions to reduce bias.

A key informant interview (KII) is a loosely structured conversation with people who have specialized knowledge about the research problem. Dexter, (1970) states that key informant interviews are a subset of elite interview processes which often serve as a guide within the social context under investigation. This allowed the researcher to explore the subject in-depth and according to Bryman (2008), key informant interview in qualitative study permits and delineate the researcher's initial knowledge about the research topic under investigation. Key informants' included 3 field officers from the EXTRA project, 4 government extension workers for both crop and livestock production and 4 Community Based Mobilizers and Trainers to make a total of 11 key informants. The main thrust of these discussions was for the researcher to determine how the key informants perceived the ISAL initiative and its efficacy in aiding small scale farmers in the area of study.

3.5.2: COLLECTING DATA USING FDGS.

Another qualitative data collection technique utilized was the Focus Group Discussion approach. Here, the researcher conducted a total of 4 FGDs of 15 people. FGDs were conducted separately with ISAL members first and then with non ISAL members second. Among the 100 informants from ISAL households only 60 (30 males and 30 females) respondents were randomly selected and participated from the two wards. Moreover among non-member informants, two separate FGDs were formed and each constituted 10 (5 males and 5 females) selected participants. The focus group discussions were conducted firstly with ISAL group members in order to ascertain the general challenges facing smallholder farmers especially before the coming in of ISALs and to ascertain the impact of ISALs on agricultural productivity as well exploring the sustainability of ISALs.

Respondents were asked to raise their hands if they wanted to provide an answer to a research question and in some cases the researcher made use of the sitting arrangement to solicit for answers and to allow information to flow without chaos. Whilst FDGs were useful in providing detailed information about personal and group feelings, perceptions and opinions in a short period of time as compared to interviews one of the challenges was that of getting responses from the very same people especially those in leadership. As such to solve this challenge the researcher gave everyone the chance to contribute to the discussion.

Patton, (2002) is also of the view that FGDs permit for multiple-ideas with various standpoints coming from many individuals. This helps the researcher to get an in-depth enlightenment and investigative understanding into the lived experiences of smallholder farmers. With non-ISAL members they were aimed at exploring the general challenges bedeviling smallholder

agriculture and ascertaining their yield. The aim was to see if they were worse off than ISAL members.

Hennink (2007) asserts that focus groups do not aim to reach consensus on the discussed issues. Rather, focus groups encourage a range of responses which provide a greater understanding of the attitudes, behavior, opinions or perceptions of participants on the research issues'. In this study, the researcher also used focus group discussions to seek more detail on the aspects pertaining relevance, sustainability and feasibility of ISALs as an alternative to formal financial services in improving agricultural productivity among small holder farmers at household as well as community level. Each FGD was held for about 75 minutes.

3.5.3: OBSERVATIONS.

Observational research is a social research technique that involves the direct observation of phenomena in their natural setting. There are numerous observation methods that can be grouped into participatory and non-participatory methods, but for the purpose of this study, the researcher made use of overt and non-participatory observation techniques. The researcher liaised with the chairpersons from 4 different ISAL groups with an average of 10 members each and asked for permission to attend their monthly meetings which are mainly scheduled for the last week of the months with varying dates. On different dates and to different groups, the researcher was introduced by the chairpersons in charge of the proceedings of the day and who also explained the purpose of the researcher's visit. It was during these monthly meetings that the gathered group members had to save, repay old loans and to disburse new credits. During each visit, the researcher was observing how they carried out their transactions and their record keeping. The researcher also had the chance to seek for clarity in certain areas that were not clear to him from the members so as to be able to follow every proceeding. This

enabled the researcher to have a better and crystal clear understanding of the processes so as to be able to develop field notes of the things that were obtained through the whole process of observation.

3.5.4: DOCUMENT ANALYSIS

The researcher conducted a detailed document analysis of all the records or documentation necessary to enhance the proper functioning of an ISAL group with 2 groups with an average of 10 members. However throughout the research, document analysis was conducted though the level of intensity or analysis varied. The researcher analyzed the 6 in 1 record books that form the basis of the ISAL record keeping system. The 6 in 1 record book is made up of the register book, savings book, loans book, cash book, miscellaneous book and the constitution. This type of a record book was introduced by WE EFFECT under the EXTRA project. The groups had all the documents including the farmer's field book, where they keep record of all the farming activities such as inputs purchased, date of planting and harvesting, yield obtained among others. Some households had receipts of the equipment and resources they purchased using ISALs such as seed, fertilizers, ploughs, harrow, cultivators among others. The main aim was to collect numerical data that would aid in triangulation of results.

3.5.5: QUESTIONNAIRES

The researcher used structured questionnaires to capture data which was used to measure the impact of ISALs on agricultural productivity among small holder farmers as well as in assessing the effectiveness of ISALs in improving productivity among small holder farmers. The questionnaire was also distributed to non-ISAL members to establish the challenges facing smallholder farmers and their yield among others. The research questions were both

open ended and close ended. The open ended questions were designed to produce rich qualitative data whilst the close ended questions were designed to draw quantitative data. Through coding, answers were fairly, easily collated and summarized, e.g. in charts and statistical form. The questionnaires were generally easy and quick to complete and a large amount of data was collected fairly quickly. The questionnaires were relatively easy to administer with the help of community based mobilizers and the return rate was exciting. The questionnaires were administered on the specific days when each group usually met every month for savings so as to facilitate easy administration and collection of questionnaires.

3.6: ETHICAL CONSIDERATIONS.

In undertaking this study, the researcher observed various research values such as honesty, fairness, respect for persons and beneficence as was postulated by Soltis (1989). The researcher also guaranteed anonymity and confidentiality to all the respondents from the start to the end of each interview. Thus, freedom to participate in the research and the freedom to withdraw from the study was clearly emphasized. The researcher was also careful to observe local customs and social rules. The importance of this ethical consideration was to avoid raising the community's resentment and making mistakes that may endanger the rapport with the study population before a study sample could be extracted from this population. Respondent participation was on a voluntary basis. The importance of giving honest answers to all questions was stressed. Prior to the main survey, the researcher familiarized himself with the area under study, the geographical area, to avoid getting lost during the data collection process. The pre-test survey of the interview guides was done with 2 ISAL groups from one of the non-selected villages. After the pre-test survey, the researcher improved the structure and wording of some questions.

The other ethical consideration that was considered had to do with ethical issues relating to the researcher such as bias. Bias can be seen as a deliberate attempt either to hide what one has found in his or her study or highlight something disproportionate to its truthfulness or falseness. The researcher made use of a procedure that is appropriate like using valid research instruments and drawing correct conclusions. The researcher analyzed the data as he collected it. This is supported by Coffee and Atkinson's (1962) postulation that data collection and its analysis should be done simultaneously for this study data collection was done in phases.

3.7. DATA PROCESSING AND ANALYSIS.

Data collected was summarized using Microsoft excel, coded and then analyzed using Statistical Package for Social Science (SPSS). Inferential statistics were used to test for significance of variables influencing productivity. A t-test was employed in making inferences on major crops (maize and groundnuts) productivity between those people who are involved in ISAL and those who are not by using the method that was proposed by Kapoor *et al.* (2005).

CHAPTER 4: RESULTS AND DISCUSSIONS

3.0 INTRODUCTION

This chapter provides a synthesis of responses elicited through interviews, questionnaires, FGDs, observations and document analysis in accordance with the objectives outlined in Chapter 1. The research findings have been presented in narrative form followed by extensive use of pie charts, bar graphs and various statistical tables in a bid to make the findings clearer. Highlights of findings from other similar studies which were conducted elsewhere were brought in to reinforce the findings of this study.

4.1. RESPONSE RATE**.**

All the questionnaires administered to ISAL participants were returned because the entire respondents (100%) were receptive and willingly give information by filling the questionnaires and answering the interview questions. There was a 100% response rate because the questionnaires were administered during ISAL groups' monthly savings meetings, whose attendance by members according to their groups' constitutions, is compulsory. There was also a 100% response rate by non- members. The questionnaires were administered to respondents who had gathered for an area or ward monthly meeting and some were mobilized by the community based mobilizers. The good relationship between the researcher and the communities heightened the response rate because the researcher had taken care to establish rapport with respondents as part of the research's preliminaries.

The study revealed that the EXTRA project was behind the introduction of the ISAL methodology or concept in wards 10 and 11 of Shurugwi district. EXTRA project is a consortium of 5 organizations introduced and started to support the ISAL Programme in 2015 under the component of Rural Finance, which was being led by WE EFFECT. It was also established that before the introduction of ISALs, most of the smallholder farmers were

conducting ROSCAs a traditional method of saving money which is also known as the merry go round. It differs from ISALs in that participants contribute fixed amounts of money and give it to one person and in the month they do the same until every person has had a chance to receive their share. There are also no interests that are charged under this system. People were using it to buy kitchen property or utensils and groceries. The total number of ISAL groups being supported by the two organizations in the two wards is 75 groups with a total membership of 987 members (246 males and 741 females).

4.2. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS.

This study was conducted in Shurugwi District, specifically in two (2) wards which are ward 10 and 11. A total of 120 respondents who were grouped into two main categories namely ISAL group members and non-members were interviewed.

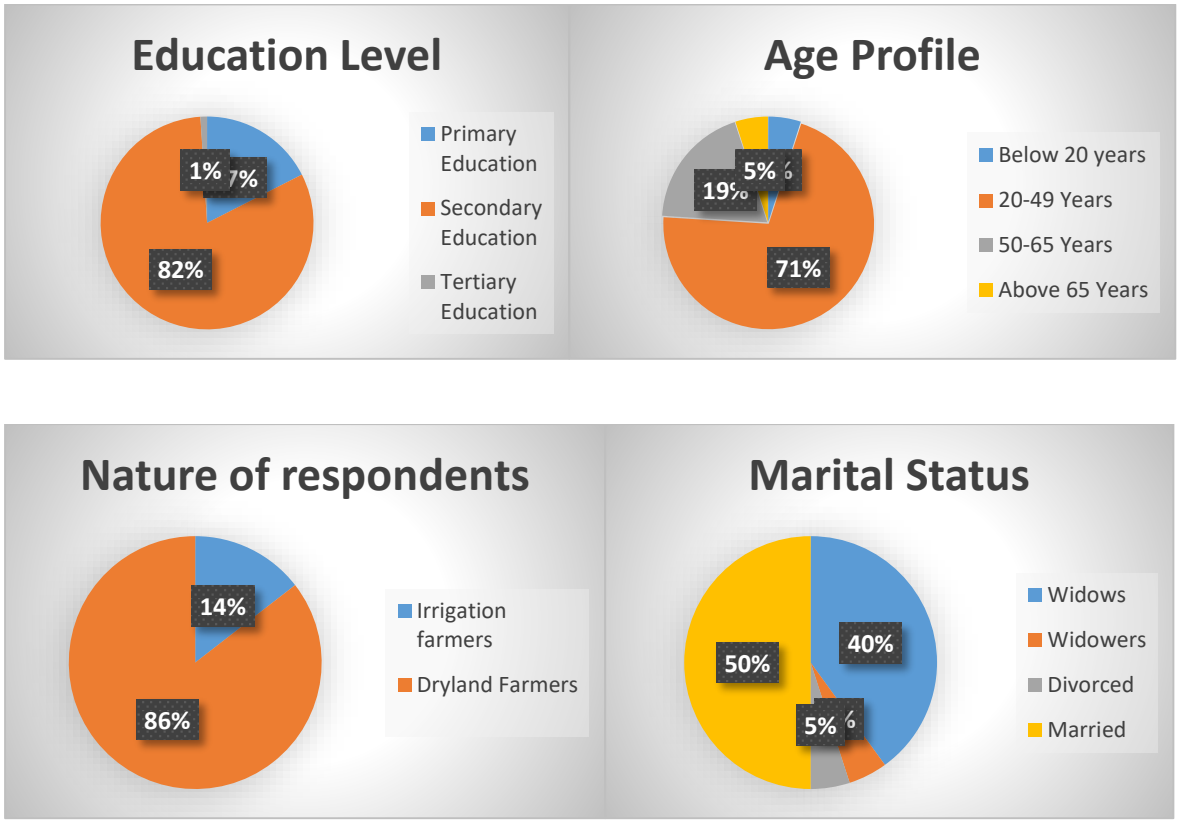
The study results show that the minimum age of the respondent was 20 years, where 5 % of the respondents fall under this age category and the maximum age range was above 65 years where only 5 % of the respondents were found. About 71% of the respondents were between the age of 20-49, which is the economically active group and able to participate in agricultural activities. On the other hand, 19% of the respondents were in between the age of 50 to 65 years. All the respondents had been in ISALs for at least two years thus the impact of ISALs was expected to be more noticeable. With regards to marital status which might also influence whether one joins ISALs or not, the research established that widowed women made up 40% of the respondents, 5 % were widowers whilst 50% were married men and women and lastly another 5% had divorced.

One of most important attribute of this study was education level attainment amongst the respondents. In trying to establish the reasons for joining or not joining an ISAL group, knowing the level of education respondents attained is significant. The study revealed that all the respondents from ward 10 and 11 respectively, had formal education meaning they attended any formal education. Only about 17 % of the respondents attended primary education. Among all the 200 respondents interviewed under this study, 82% of them attained secondary education and 1 % had gone to tertiary education.

The study also revealed that 1 % of the respondents interviewed in all the two wards were disabled or had other bodily limitations. Lastly, 14.5 % of the respondents were also irrigation scheme members even though they also have dryland plots, whilst 75% were dryland farmers. It was further revealed that one of the reasons for one to be an ISAL group member is to be able to take care of one's family.

More so, 100% of ISAL groups have a group leadership or management committee made up of at least 5 positions namely the Chairperson, Vice Chairperson, Treasurer, Secretary and a committee member. Among all the group chairpersons, the study revealed that 70% were females and 30 % were males. This is so since the majority are women in these groups, though everyone has an equal chance of being elected on merit basis. This gender composition which favors women was also reflected in among the vice chair persons where females constitute 60% while males are 40%. More so, 80 % of the treasurers were females whilst, 20 % were males and it is noteworthy that more than 40% of the treasurers were above 40 years of age. As the study revealed, this was mainly because they are more trustworthy. The economically active mainly between 20 and 39 years of age, made up the majority of secretaries mainly because they are able to read and write.

Figure 2: The profile of the respondents.



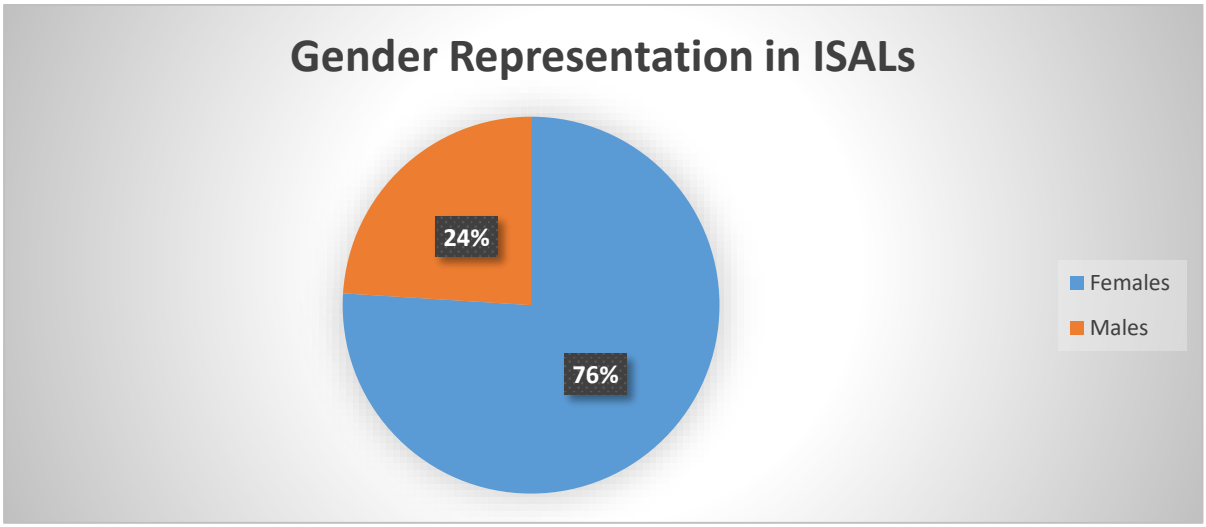
Source: Field Survey, 2017.

4.2.1. GENDERING THE MEMBERSHIP.

The study respondents comprised of 76% females and 24% males. The number of females and males seems to differ owing to the various reasons. Among these reasons are the fact that women are the ones responsible for household chores and for food provisioning for their families. They are also the most affected by family problems, so they try to find possible solutions to their problems. One of the male respondents stated that most of the time, men do not stay at home, for instance, they might be at work or beerhalls. As such, when these projects come they will not be available and it's difficult for them to catch up. Moreover, most of the men regard ISALs as a thing for women. Traditionally, things related to ISALs such as "merry go rounds" were only being done by women to upgrade their kitchenware. From another focus group discussion, respondents highlighted that the population has more women than men, most

men want to enjoy, so they go to beerhalls, they don't have time for these gatherings. Lastly ISALs are attached to Income Generating Activities (IGAs) so most of the men do not want to move around selling products that women sell. However, the majority of women appreciated the fact that their husbands allow them to go for their frequent group gatherings.

Figure 3: Gender representation in ISALs.



Source: Field Survey, 2017.

4.3. ORGANIZATION OF ISAL GROUPS**.**

The EXTRA project officer and CBMs responsible for coordinating and implementing ISALs in Shurugwi district explained how ISAL works as well as the guiding principles.

An ISAL group size varies and ranges from 5-29 members depending with the objectives of the group. However, most of the ISAL groups consist of 10-15 members with shared objectives who come together and bring their money together mainly on a monthly basis so that members can borrow for other activities such as IGAs or family use, return it with a prescribed interest and would share the money at the end of cycle. The money may be used for an agreed objective or purpose. The groups cycle period also varies depending with the goal or objective which the group would want to achieve, and this explains why some shared their savings after six and

others after twelve months. All these will be clearly stipulated in the group constitution which is a road map of how the group is supposed to be run. All the constitutions were authenticated by being stamped or signed by the various local leadership. The monthly contribution and interest rate used by the groups also varies because it also depend on what the group members can afford and would have agreed upon in their constitution. For instance, some groups contribute $2 or $5, while others contribute $10 or $20 at varying interest rates which are mainly 10 or 20 %. However, the loan repayment period is one month for all groups. Below is the amortization table which provides a pictorial view of how a typical ISAL group fund of 5 people who are contributing $10.00 per month for a period of 12 months, with 10% interest rate grows over time. Prospective groups can also follow this example and calculate how their group fund will grow if they choose to save a different amount or charge a different interest rate. This table also assists in making comparisons with other microfinance programs such as ROSCAS, mainly in terms of profitability.

Figure 4: ISAL Monthly Savings Amortization Table.

Number of members 5

Monthly member Contribution $10.00

Percentage 10%

Month	Monthly Contribution	Loan	Interest	Total
Month 1	$50.00	$50.00	$5.00	$55.00
Month 2	$50.00	$105.00	$10.50	$115.50
Month 3	$50.00	$165.50	$16.55	$182.05

Month 4	$50.00	$232.05	$23.21	$255.26
Month 5	$50.00	$305.26	$30.53	$335.78
Month 6	$50.00	$385.78	$38.58	$424.36
Month 7	$50.00	$474.36	$47.44	$521.79
Month 8	$50.00	$571.79	$57.18	$628.97
Month 9	$50.00	$678.97	$67.90	$746.87
Month 10	$50.00	$796.87	$79.69	$876.56
Month 11	$50.00	$926.56	$92.66	$1,019.21
Month 12	$50.00	$1.069.21	$106.92	$1,176.14
Total	$600.00	$5,761.36	$576.14	$6,937.50

Member's Annual cash contribution $120.00

Share Value per Member $235.23

As mentioned earlier on an amortization table like the one above can actually be used to compare the advantages of ISALs over ROSCAs. For instance, the amortization table above, indicates that the total amount under the monthly contribution column, is the same as the amount that would have been contributed in a ROSCA. But groups that will be engaging in the ISAL methodology will have members sharing much more than they would have contributed. In the above example, an individual who would have contributed USD120.00 will find him or herself taking home USD235.00 after 12 months. From this example, it is crystal clear that the

ISAL concept is a better option than the ROSCAs. Noteworthy is the point that the share out amount is also based on the assumption that there will be no fines for members who break the group laws or even group members and other group fundraising activities which if undertaken would increase the amount more.

4.3.1 ISALS GUIDING PRINCIPLES

For sustainability purposes an ISAL group is guided and directed by certain principles which should be observed and strictly adhered to even before the group is formed and throughout the life cycle of the group. The principles can be grouped into two main categories that is guiding principles before the group formation stage and after the group is formed.

4.3.2 GUIDING PRINCIPLES BEFORE THE GROUP FORMATION STAGE.

The research established that group member's selection should be based on a self-screening method implying that no one should force different people to form a group. Thus through self-screening, prospective group members are able to select themselves on the basis of various factors which are expected from an ISAL group member. For instance, they should be people who trust each other; are honest to each other; behave in a responsible and mature way amongst themselves and with others outside the group; can easily approach and be approached by others; accept other's ideas; and who also share the same attitude towards their group activities and what the group seeks to achieve. Moreover, they should be people who know each other's family background; who are willing to share knowledge or information and material with others; who can or have the same interest to contribute financially towards a group fund; who have patience with each other; who are fair and just with each other; who have traceable relations with other members; who have shared objectives and see the benefits of being in the group; who share something in common with potential members, be it religious, social or other; and who have shared clarity of what will bond the group members together, among others.

4.3.3 GUIDING PRINCIPLES AFTER GROUP FORMATION.

For continuity and reducing the chances of some members defaulting and dropping out, there are various factors that should be considered after the prospective group members have agreed to form a group. Firstly they should craft a constitution which will direct and guide how the group is supposed to operate, thus the monthly contribution per member, interest rate, punishment for those who breach the rules, how to deal with prospective new members, role of leadership among others will be stipulated and stated. The constitution should be crafted democratically and every group member should understand the constitution before putting his or her signature on the list of group members.

In addition to that, the constitution should be signed and stamped by various local leadership such as village heads, headmen, chiefs, ward councilors and the Zimbabwe Republic Police if they are there. This is to ensure that in case of a dispute, the local authorities will assist in accordance with the group constitution. Closely related to that is the point that they should ensure that they have all the required and necessary documentation for the smooth running of group activities. The group should have the 6 in 1 record book which is made up of the register book, savings book, loans book, cash book, miscellaneous book and the constitution for the purpose of proper record keeping.

Thirdly, sustainability of the group also depends on good selection of a strong and able leadership. Group leadership positions should be given on merit basis and the whole process of selection should be done periodically in a democratic way, mainly through a transparent voting process. Good and able leadership is necessary for steering the group vision. Moreover, all group members (including its leadership) should abide by the constitution. It was highlighted that all members are equal before the constitution, thus no one is above the

constitution. This implies that if anyone breaks the group laws, he or she is strictly bound by the group constitution.

Furthermore, all members should attach their ISAL to IGAs. All group members are encouraged soon after the birth of the group to engage in enterprise development or small income generating projects such peanut butter making, gardening, poultry production, buying and selling. For instance, one group by the name Huya Uhodhe, bought a sewing machine for all the members and they are now sewing aprons, seat covers, clothes, uniforms etc. Some groups have even started market gardening projects. The main reason is to guard against defaulting group members.

Lastly, evidence of progression or achievements also contribute to the sustainability of an ISAL project because members will be striving and craving for more. To illustrate on this point, one respondent said, “We are seeing the benefits of being in an ISAL group, it has changed our yield and livelihoods so we all now desire more”.

Other principles which guide the operation of ISALS so that the groups will remain sustainable are each and every month, all the group members will contribute an equal amount of money and all the cash which comes in as savings and loan repayments must be issued to all group members as loans. This promotes transparency, since there will be no money which will remain in the cash box and guard against misuse of funds by the treasurer or group leadership. This is one way in which ISALs differ from other means such as ROSCAS. Every group member is expected to borrow the money, though the amount of loan differs depending with the need. During the early months of the cycle, the total amount might be too little for all the members to borrow, thus only a few might borrow but in the following they will be rotating. On rare cases, if there is money left after all the members had borrowed, the money will be shared equally to all group members in order to return the money with interests in the following month.

This will result in literally forcing all the members who do not want to borrow large amounts of money so that the funds will grow. This is due to the fact that if the available funds are not borrowed, the group members will not get the significant lump sums at the end of their cycle and might breed misuse of funds.

Credits or loans acquired from ISALS are used for the purposes of financing Income Generating Activities (IGAs) and not to pay for household expenses. However, the profits obtained from the household IGAs will then be used to finance the household expenses. This guiding principle has ultimately encouraged a large number of members to become business minded (entrepreneurs) so as to generate income that will then be used to repay the loan credit and to finance household needs. In terms of collateral security, they use social security since group formation is based on the knowledge of each other and the relationship between members throughout their history. However, in case of a defaulting member, the group makes use of the constitution. The repayment period of all groups is one month. However, in a situation that a member fails to repay the credit in the agreed time, which is usually one month period, he/she is permitted one or two more months (in accordance with their constitution) to settle the debt but after that the collateral security equivalent to the amount owed will be sold to cover the debt. At the end of the cycle, which is usually six months or one year, the accumulated money will be shared equally among the members. At the end of each cycle, members who do not wish to continue with the savings will be given the opportunity to withdraw from the group after sharing the money. The members can adjust the monthly savings either upwards or downwards during this period, depending with the nature of the new objective that the group will be willing to achieve.

4.4. REASONS FOR THE ADOPTION OF ISALS BY SMALL SCALE FARMERS IN SHURUGWI, WARDS 10 AND 11.

The study revealed that there are a plenty of primary push and pull factors that have caused small holder farmers to join ISAL groups. One of the common push and pull factors for joining microfinance models is that members perceive them as an affordable source of agricultural finance and business start-up capital. Given the conspicuous absence of pro-poor formal microfinance institutions in Shurugwi district, 95 % of the respondents have seen this as a credible alternative source of agricultural finance. About 75% have seen it as a start-up capital for IGAs, which are a form of investment and a way to increase their income and subsequently enable them to finance their agricultural activities. Groups such as Gonye irrigation said that some banks which visited them did not come back, they just made empty promises so group members could not sit back and watch the economic environment affecting them. They constituted several ISALs.

To add, respondents stressed that they joined ISALs because they realized that it is a cheaper way of financing agriculture. Small holder farmers realized that they can use this group approach in the purchasing of agricultural inputs such as fertilizers, seeds, chemicals among others. In other words, they would buy in bulk as a group, thus sharing the cost and making agriculture more profitable. For instance, they would call seed companies such as SEEDCO or agencies of seed companies to deliver at their door steps, thus cutting the transport cost. Thus, most of the people joined ISALs after realizing that it can be a means of making their production cheaper.

Thirdly, the research revealed that a large number of small holder farmers who have never joined any micro-finance program such as merry-go rounds or ROSCAS and even some who once joined other microfinance programs, (68%) they joined ISALs mainly because of the

general economic hardships. Some respondents concurred that, “because of hardships and poverty, we are tempted to try anything that comes our way. One of the old respondents attested that “zviro zviedzwa chembere yekwaChivi yakabika mabwe, ikanwa muto”, which in English means that always try new things; that which seems impossible may be possible if you try. It implies that there is no reward if one does not try new things, exploration rewards. In this context, for members who have been participating in other microfinance programs and those who had never participated in any microfinance program, this proverb motivated them to join the newly introduced ISAL concept in the midst of economic hardships and in their pursuit of solutions to the economic hardships.

Among the pull factors is the profitability of ISALs over other micro-finance programs such as “merry go round” or ROSCAS which motivated 45% of the respondents to join ISALs. Previously, some NGOs introduced merry go rounds and ROSCAS in the district and it received wide adoption from both wards and small holder farmers were partly using the money to finance their agriculture. However, with the coming in of the EXTRA project which introduced the ISALs methodology, small scale farmers saw that ISALs are more profitable than ROSCAS. As demonstrated earlier on under the ISAL amortization table, a group of 5 people contributing $10 using a 10% interest rate, the total under the monthly contribution column, is the same as the amount that one would have contributed in a ROSCAS. But groups that will be engaging in the ISAL methodology will have members sharing much more than they would have contributed. For instance in the above example, an individual who would have contributed USD$120.00 will find him or herself taking home USD235.00 after 12 months.

Apart from their profitability in comparison with ROSCAS, 39 % of the respondents joined ISALs because generally they are characterized by low levels of risk. ISALs are regarded as an improvement of the ROSCAs concept, thus it tries to eliminate some of the challenges which

were bedeviling the latter. For instance, ROSCAs were marred by lack of transparency and misuse of group funds and high levels of defaulting members among others, in a way, derailing their agricultural plans. According to a research on ROSCAs carried out in Gutu by Mushuku and Masiya (2014), about 73% of the respondents highlighted defaulting of members as a major problem under ROSCAs and 60% indicated that lack of finance to contribute regularly was another major challenge. Other challenges include mismanagement of funds, late payments and diversion of funds which might threaten their sustainability. However, ISALs improved all that by ensuring high levels of transparency since no one should keep the group money and all members are supposed to engage in IGAs to avert defaulting and high cases of late payment.

Compounding the levels of risk under the previous methodologies such as ROSCAs, there was little or no documentation which would assist in solving disputes and ensuring that there is transparency. As a result, people decided to join ISALs because it has a lot of documentation that has to be done. According to Mushuku and Masiya (2014), on their study on ROSCAs, there is risk of mismanagement, fraud or bankruptcy by the leader or organizer of the ROSCAs where he can abscond with the accumulated contributions. They noted that this is because there is no constitution or legal paperwork that governs ROSCAs, the leaders may misuse the funds for their personal use and no one can ask them and as a result, this may affect the sustainability of the life of a ROSCA. However, under ISALs there is the use of the 6 in 1 record book which has a section for the constitution, savings, credit, loan repayment among others. The constitution is stamped and signed by local authorities, making it easier to solve any disputes, unlike under ROSCAS where people would agree orally.

Furthermore, 65 % of the sampled respondents realized that ISALs have a lot of benefits compared to inaccessible formal financial services. The advantages or benefits such as interest

earned on loans goes to the group and not to an external service provider. This increases the amount of investment capital available to the community, ISALs are immediately profitable (not merely sustainable) and are fully independent. Under ISALs, financial services are offered in the participants' village and managed by the participants themselves, whilst formal financial services are found in urban areas where they have to incur some transport costs. The research also found that whilst under formal financial services transactions are slow and complicated, under ISALs they are quick, simple and transparent. Moreover, they realized that systems of accounting are secure, clear and simple under ISALs where, as systems of accounting under formal financial services are complicated. Also from an ISAL perspective respondents cited that interest is determined by the group members (negotiable) and returns to the group whilst with formal financial services interest goes out. Of much importance again is the fact that by virtue of being a group members anyone is entitled to a credit or can easily access a loan fund whilst under formal financial services credit is very difficult to access especially for the poor small holder farmers who do not have collateral security to offer the bank to cover risk.

It is also noteworthy that most of the members were indeed motivated to join ISALs because they wanted to purchase some durable assets or goods. Thirty-five (35%) of the respondents pointed out that they joined ISALs because they wanted to buy some durable assets. They realized that ISALs can also be used to acquire assets such as livestock and heavy farming machinery which, according to the Sustainable Livelihood Framework, help them increase their physical asset base which will consequently help improve their livelihoods in general.

Figure 5: Reasons why small holder farmers joined ISALs.

Source: Field Survey, 2017.

4.5. SMALL SCALE FARMERS AND HOW THEY OPERATE THEIR ISALS TO PROMOTE AGRICULTURAL PRODUCTION IN SHURUGWI WARDS 10 AND 11.

This information was solicited through key informant interviews and a few in-depth interviews from a few group members. The EXTRA project officer coordinating the implementation of ISALs in Shurugwi district as well as the community based mobilizers and trainers in ward 10 and 11 explained how small scale farmers operate their ISALs to promote their agricultural production.

She stated that at the onset of each cycle, members come up with specific objectives which they wanted to achieve at the end of the cycle. For instance, the purchasing of inputs, farming equipment or implements and or livestock, just to mention but a few.

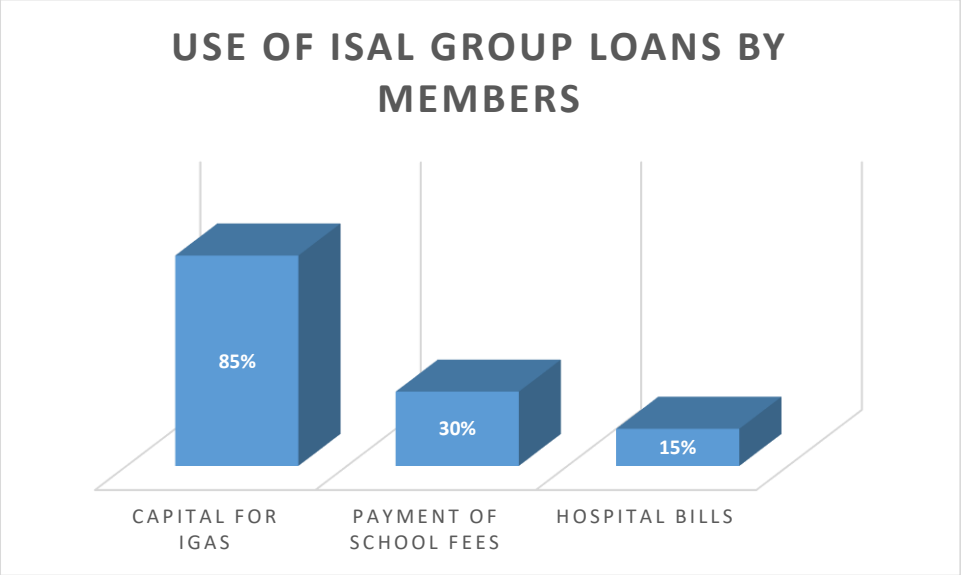
The research revealed that while the EXTRA project encouraged farmers to use their savings towards the agricultural production, they were not forced by the project to do so. Thus, they decided on their own. Firstly 15% (Gonye irrigation scheme) of the respondents who are irrigation scheme members agreed as a whole to contribute monthly towards their production

in the irrigation scheme depending with their cropping season calendar and the need in their irrigation activities. They usually contributed $2 dollars or $5 per month, depending with their current objective and every group member who would have borrowed every month would return the money with a 10% interest. They carried out a 6 months or half a year cycle period because they produced throughout the year. They used the money to buy fuel (diesel), batteries, the irrigation pumps and engine servicing, to purchase siphons, inputs such as maize seed, wheat seed, groundnuts seed or sugar bean seed, fertilizers and pesticides. They also managed to renovate their store house and the water tank located in the irrigation scheme.

The coordinating officer strongly emphasized that the number one rule is that every group member should engage in IGAs to avoid defaulting. One group chairperson specifically highlighted that in their group, members are engaging in different IGAs or enterprises for instance, some are into poultry production, market gardening, some sell traditional or wild fruits just to mention but a few.

For dryland farmers who are also ISAL group members, they contributed different amounts depending with what the group had agreed upon. This mainly ranged from $2-$10 per month with varying interest that is either 10 or 20% interest. At the beginning of each cycle, members identified the areas in which they were experiencing lack in their agriculture endeavors and those automatically became their group's objectives. Of course, all the interviewed groups made the purchasing of inputs their top priority. Thus, some purchased agricultural or farming implements (ploughs, cultivators, harrows) and livestock. For dryland farmers, the period between the beginning of the cycle and the end of it is when group members can borrow and invest in IGAs as well as spend on other non-agricultural related activities such as school fees payment, insurance (hospital bills). At the end of the cycle, they share out money and all the share out will go towards agriculture.

Figure 6: Use of ISAL group loans by members.



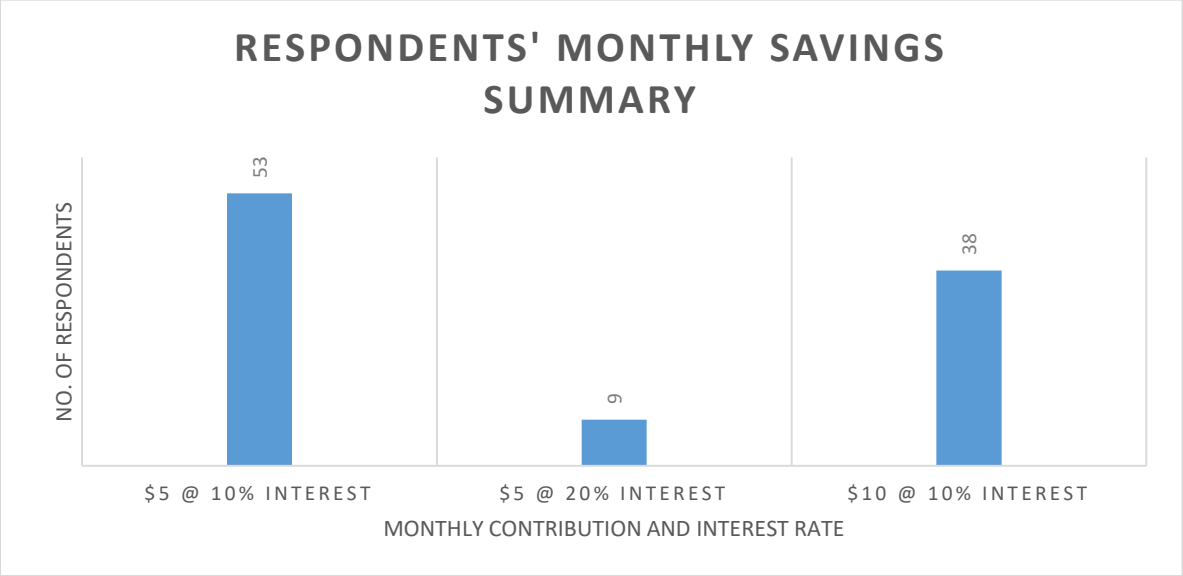
Source: Field Survey, 2017.

Interestingly, this research established that ISAL group members have gone beyond the concept of contributing monthly savings. They also purchased inputs in bulk as groups. Such group efforts are proving to be cost-effective in the sense that one person or two would travel to nearby towns such as Shurugwi or Gweru to purchase seed and fertilizers, thus reducing the cost, especially transport cost. In some cases, for those who wanted to buy more than 100 kilograms of seed, they reportedly contacted seed companies such as SEEDCO, Prime Seed, Farm and City or these seed companies' agents based at Chachacha growth point. They even placed orders that the preferred seed company deliver at their door steps to eliminate transport costs. For instance, one respondent from ward 11 reported that, "Those agents of SEEDCO who have their offices there at Chachacha delivered the required inputs to our doorsteps because we were big customers. We were buying a lot of seed and fertilisers for the whole group."

The community based mobilizers also highlighted that to their amazement, some ISAL groups have been innovative enough such that they created a farming calendar which gazetted when

they would rotationally help every member in land preparation, the actual production process as well as harvesting in the process pulling together their ISAL-obtained resources. This model is more or less like *nhimbe* a word from the Shona people of Zimbabwe which refers to the residents in the same community helping each other as a group during harvest time. Additionally, one of the respondents cited that they also undertook fundraising activities to enhance their group fund development. For instance, they were conducting some exchange visits as ISAL groups in the ward and each member would pay a certain stipulated fee for a meal, and in most cases, it was a dollar per head. It was also at these visits that they managed to market and sell some of their products.

Figure 7: Monthly contribution and interest rate of respondents.



Source: Field Survey, 2017.

The above graph shows that 53% of the ISAL (members) respondents were contributing US $5 using a 10% interest rate, 9% of the respondents were also contributing US $ 5 at 20% interest rate and lastly 38 % of the respondents reported that they were contributing US $10 using 10% interest rate.

Case Study on how irrigation smallholder farmers operate their ISALs to improve their productivity.

Gonye irrigation scheme ISAL group is one of the 4 main irrigation schemes in Shurugwi district, but the only one in ward 11. The group is made up of 29 members (20 females and 9 males). The group managed to embrace the ISAL methodology at an early stage after its introduction by the EXTRA project in 2015 and they were contributing US $ 5 per month using a 10 % interest rate. They started their cycle in 2015 and from February 2016, they managed to finance a lot of necessities or agricultural production requirements for 2 hectares of different crops (Maize and Wheat) in 2 different cropping seasons in the same year. Their model stipulated that all their savings specifically goes towards all the irrigation scheme production requirements. More so, members were engaging in different IGAs so that they will have a reliable source of income. Some were into tailoring, poultry production, and market gardening just to mention a few. However, members were free to use their group loans in their own areas of need, for instance, to meet household expenses. In summary, in their bid to improve their production for the first season as was indicated by the group chairperson using their ISALs, they managed to renovate their irrigation scheme store room and water tank. During their first cropping season, they also managed to purchase 40 kilograms of maize seed, 700 kilograms of fertilizers (both D and AN) for the set aside 2 hectares of land. They also managed to buy a new 165 DLS battery and 210 litres of diesel. For their second cropping season they also purchased wheat seed which was worth US $ 289 and 700 kilograms of fertilizers for a 2 hectares of land.

4.6. THE EFFECTIVENESS OF ISALS IN IMPROVING AGRICULTURAL PRODUCTIVITY.

In order to assess the effectiveness of ISALs in improving agricultural productivity or the extent to which ISALs have helped them to improve the agricultural productivity, there are a lot of issues that were put into consideration. Firstly, of much importance was the yield, that is a comparison of yield before and after they engaged in ISALs and also comparing with non-members. On top of that, there was need to assess the challenges they have been facing before adopting ISALs, which possibly affected the yield (or which led to low productivity) and then assess how ISALs have been useful in dealing or solving the challenges and lastly the difference or change that ISALs brought in relation to yield .

4.6.1 CHALLENGES FACED BY SMALLHOLDER FARMERS BEFORE VENTURING INTO ISALS.

The major challenges that were bedeviling smallholder irrigation farmers include lack of money to purchase inputs such as fertilizers, seeds, pesticides and chemicals. This prompted them to make use of previous-season harvest as seeds for the following season leading to low yield and poor quality grains and this was also due to lack of money to buy certified inputs. One respondent also indicated that another big challenge had to do with the availability of inadequate siphons such that they couldn't irrigate the whole scheme on a single day and this affected other plots, especially when temperatures were very high. Another respondent highlighted that they used to plant different crops with different varieties because some had no money to buy seed and fertilizer as per their cropping calendar, leading to very low yield. As a result of financial constraints, some were failing to pay money for diesel to run the engine or to irrigate the plots and they ended up ignoring the fields of those who would have failed to pay, leading to crop failure in some plots. Thus they used to buy 20 litres of diesel instead of the required 200 litres. In case of an engine breakdown, all members stated that they could go

for months without repairing the engine because of financial constraints. All these challenges resulted in high cases of theft in some of the member's plots.

It should be noted that lack of finance to purchase inputs is also a major challenge facing dryland smallholder farmers. Just like under irrigation, dryland farmers re-use previous season's harvest several times because of lack of finance to buy new and certified seeds. Another respondent highlighted that sometimes pest and diseases were a major challenge affecting their yield and because of lack of finance their yield declined. Moreover, some lacked farming implements (draft power), for instance ploughs, harrows, cultivators, hoes and as a result they failed to plant in their own planned time, To indicate how lack of farming implements affect yields, one respondent loudly stated that, "if you do not have farming implements, you have to hire from others. However the problem is that, those you will hire will prioritize their plots first and they will come to yours later on and usually they will come when the moisture is no longer adequate for seed germination, resulting in waste of seed or poor germination. This one serves as an explanation for very low yield.

The study also established that while for non-members, the challenges remained the same, the adoption of ISALs to a greater extent enabled smallholder farmers to solve the major challenges which were obstructing small holder agriculture. Henceforth, the research hypothesis that participation in ISAL groups may result in a greater and noticeable impact on agricultural productivity and an increase in yields to the participants has been found to be true. This research established that there is a big difference between the yield of dryland farmers and irrigation scheme members. To establish this, yields for irrigation scheme members before and after they adopted ISALs was analyzed separately. To avoid bias non-ISAL members from the dryland farms were also used to act as a control group to compare yields with those farmers who are in ISAL groups.

The study found out that from the dryland category, non-members had a lower productivity of 0.69 t/ha compared to members whose average productivity ranged between 1.06 and 1.2 t/ha for maize production. For groundnut production, non-members had an average of 1 t/ha, whilst members had an average of 1.6 t/ha as will be indicated in the tables below. For irrigation scheme members, the research established that before they adopted ISALs, they had a very low productivity of 0.8 to 1 t/ha for maize production and 1.4 t/ha in wheat production, compared to 4.67 to 4.7 t/ha in maize production and 2.3 t/ha in wheat production after the adoption of ISALs. To further illustrate the effectiveness of ISALs in improving productivity, the irrigation scheme group chairperson clearly stated that, "As a result of ISALs, we managed to purchase all the inputs and to our shock, we harvested like never before". This was an indication that participation in ISALs had assisted farmers at household level to increase their productivity per unit area of cultivated land.

Figure 8: Average Maize productivity for members and non-members.

	Non-members	**Members**
Farm Size (Ha)	**Productivity (ton/ha)**	**Productivity (ton/ha)**
0.1	0.55	0.65
0.2	1.01	1.25
0.3	0.44	0.58
0.4	0.41	0.613
0.5	0.68	0.80
0.8	0.87	1.25

1	0.88	2.25
Average Productivity (t/ha)	0.69	1.06

Source: Field Survey, 2017.

Figure 9: Average Ground nut production for members and non-members

	Non-members	**Members**
Farm Size (Ha)	**Productivity (ton/ha)**	**Productivity (ton/ha)**
0.05	1.65	2
0.1	1.479	1.515
0.2	0.819	1.382
0.4	0.965	1.425
Average Productivity (t/ha)	1.2	1.6

Source: Field Survey, 2017.

To augment and validate the above findings, yield data for both irrigation and dryland farmers was analyzed using SPSS (t-test) separately. The results from the paired sample t-test at 95% confidence level showed that there is statistically significant difference between the productivity of members and non-members as revealed in Table 5,6 and 7 below. In other words, the data analysis using t-test indicated that there is a statistically significant relationship between the adoption of ISALs and agricultural productivity for both dryland and irrigation farmers. This is mainly because the sampled participants used most of their end of cycle share

out as an agricultural investment. This is contrary to a study that was carried in the Southern Uluguru Mountains in Tanzania by Mnimbo (2013) who found that there is no statistically significant relationship between ISALs and agricultural productivity. However, this was probably mainly because the funds from the ISAL groups were not used largely for agricultural purposes but for other purposes as was indicated in her study.

Figure 10: Paired Samples Test on difference in the level of maize productivity for irrigation scheme members before and after engaging in ISALs.

Paired Samples Test

Maize		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Yield before ISALs - Yield after ISALs	-3.85241	.05992	.01113	-3.87521	-3.82962	-346.227	28	.000

Figure 11: Paired Samples Test on difference in the level of wheat productivity for irrigation scheme members before and after engaging in ISALs.

Paired Samples Test

Wheat		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Yield before ISALs - Yield after ISALs	-.91310	.07122	.01323	-.94019	-.88601	-69.043	28	.000

Figure 12: Independent Samples Test on difference in the level of productivity between members and non-members.

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Yield	Equal variances assumed	31.895	.000	7.427	198	.000	.56986	.07673	.41855	.72116
	Equal variances not assumed			7.427	122.975	.000	.56986	.07673	.41798	.72173

4.7. CHALLENGES FACED IN ADMINISTERING ISALS.

As an improvement of the ROSCAS model, ISALs are characterized by much lesser challenges and these include rare cases of defaulting members, late payments, and lack of market to sell their products from IGAs.

DEFAULTING MEMBERS.

About 5% of the respondents highlighted defaulting of members as a problem encountered by ISALs. It was revealed that some members fail to pay back their loans and monthly contributions even within the grace period provided within their constitution. Some respondents indicated that if one fails to pay back their constitution gives that person a grace period of at most 3 months depending with the reason why she or he is failing to pay back.

After 3 months, if one fails, the group is allowed to take property that is equivalent to the amount that the individual in question owes to the group. The effect of the defaulting members is that the group might fail to meet its target.

INADEQUATE LOANS AT THE BEGINNING OF THE CYCLE.

The study established that, in most cases, at the beginning of the cycle, the loan amount is too small to be given to a meaningful number of people. 80% of the respondents agreed to that especially those contributing $5 per month. At one of the focus group discussions, one respondent highlighted that at the beginning of the cycle, we can only afford to let 2-3 members borrow so others might fail to meet their objectives (personal).

DELAY IN LOAN REPAYMENT.

Late payment or delay in loan repayment is another challenge faced by ISALs. One respondent revealed that as a group, they agreed to contribute on the day they meet during the last week of the month. However, other members contribute as late as a week after the agreed date or even after 2 weeks. This therefore poses a number of challenges in that those with the turn to get credit first might get a small amount compromising their plans with the loan amount, thus this may inconvenience them. This finding is also is in line with Brannen (2010) who found in his research that regardless of the specious overall success of the Internal Savings and Lending Schemes program, delaying in loan repayment was the biggest concern raised by respondents.

THE LIQUIDITY CRISIS AND LACK OF CASH TO CONTRIBUTE REGULARLY

The sustainability of ISALs mainly depends on the viability of the IGAs attached to it. To avoid late repayment and defaulting, ISAL members engage in IGAs. However, given the cash crisis or liquidity crisis in the country, most of the members indicated that there is no cash and this

poses a serious challenge to the group's sustainability.70% of the respondents highlighted that because of the cash crisis some members lack the finance to contribute regularly and on time.

LACK OF ACCESS TO A SOUND MARKET FOR THE IGAS.

About 80% of the respondents reported that another major challenge is that they lack access to sound markets for the marketing of their IGAs products. At a focus group discussion, one respondent indicated that they engage in various IGAs such as market gardening or horticulture production, poultry production among others. However, they only sell their products to the local market in the form of schools, villagers among others and they don't have access to big markets because of poor infrastructure which includes poor road networks and lack of electricity. Thus they are forced sometimes to sell their perishable products at giveaway or very cheap prices, thus threatening the life of the group since it depends on the profitability of their IGAs.

4.8. CONCLUSION.

The study has uncovered that Internal Savings and Lending (ISALs) have been an effective alternative source of income for smallholder farmers in ward 10 and 11 of Shurugwi district. ISALS have led to a statistically significant and positive increase in yields or improvement in productivity mainly because through innovations, the sampled households and ISAL group members decided to put agricultural production as their top priority and objective instead of other household expenses.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS.

5.0 INTRODUCTION

This chapter provides a summary of the conclusions and possible solutions to the established challenges or recommendations of the researcher following the findings of the study on the effectiveness of Internal Savings and Lending Schemes (ISALS) in improving smallholder farmers' agricultural productivity in wards 10 and 11 of the scenic Shurugwi district. The recommendations are apt for rural development practitioners and are of much value to the government line ministries such as the Ministry of Agriculture, Ministry of Finance as well Rural District Councils, the rural communities, formal financial institutions, NGOs and development practitioners among other related institutions.

5.1 CONCLUSION

Reviewed literature had shown that the concept of ISALs has caused mixed reactions and interpretations. On one hand there are strong proponents who submit that since ISALs have been useful in eradicating poverty in general it can also be useful in improving agricultural productivity among smallholder farmers of which in Africa agriculture is the backbone of most of the economy thus it will go a long way in improving food security and livelihoods in general. However on the other hand there are pessimists who are of the view that the proponents of ISAL methodology have been exaggerating its usefulness among the poor thus rendering it irrelevant. However from the data analysis carried out in Chapter 4 the research has revealed that ISALS undeniably are and can be more effective in improving agricultural productivity among rural small scale farmers if they make improvement of productivity their top priority.

Based on the research findings this study claims that membership in ISAL groups has a huge impact on agricultural productivity among smallholder farmers if the end of cycle pay out or

share out is dedicated towards agricultural use. In other words this study submit that agricultural productivity can be effective in improving agricultural productivity among smallholder farmers if ISAL group members make improvement of agricultural productivity their top objective and priority. The analysis has exposed that there is affirmative change in yield for ISAL participants as compared to non-participants provided that other factors that influence production in agriculture are also put into consideration. It is also because of its effectiveness that there is an increase in the number of new people joining ISAL groups. In other words this research did not consider ISALs as a stand-alone factor of production thus for ISALs to be effective other factors such as availability of extension services, good and reliable rains and access to land are also of much importance.

The study findings also shows that while loans obtained from an ISAL group were not mainly dedicated towards consumption but IGAs to enable them to pay back their loans and contribute every month, they use the profit from IGAs to cater for all other household expenses. This way of operating ISALs creates or cultivates a culture of productively using any loan borrowed whether from informal and formal microfinance institutions, thus eliminating the allegedly dominant culture of using credit loans for daily consumption and consequently resulting in failure to repay the loan. In addition, exceptionally they were using the loan later on in the cycle for other expenses or family needs if their IGAs are up and running. Group loans apart from improving agricultural productivity immensely contributed to the welfare of the family because it enabled families to do a lot of things for instance they managed to send children to school, start-up IGAs or expanding existing ones, accumulation of assets or as insurance against shocks.

This study also established that ISALs are mainly composed of more women than men largely because of lack of awareness on the concept accompanied by a wide belief that micro-finance initiatives target women.

Contrary to other findings the study also exposed that ISALS are characterized by a high level of inclusiveness, because the guiding principles ensure that the poorest of the poor are also included as long they are willing to form a group with the people they are at the same level with. There is a concept known as rabbits should group themselves and elephants should also group themselves and this implies that they can save even the smallest amount as long they afford it and as long they have agreed.

More so this study established that indeed ISALs are an improvement of ROSCAs thus ISALs are characterized by less serious challenges. ROSCAS are characterized by challenges such as misuse of funds, high levels of defaulting members and late payment whilst under ISALs there are no cases of misuse of funds because all the funds are given to members as loans in the presence of all group members henceforth they are characterized by a high levels of transparency. Cases of defaulting under the ISAL methodology are few because all the members are obliged to participate in IGAs.

5.3 RECOMMENDATIONS.

NGOs.

They should offer them more trainings in entrepreneurship, enterprise development, and marketing specifically so that their small enterprises will be efficient and profitable. This will go a long way in reducing cases of defaulting or late repayment of loans. NGOs should also continue to cascade down trainings and conducting more awareness campaigns at various

community gatherings for instance ward meetings, village meetings so that non-members will get to know about the model. In the process of raising awareness they should make use of eye-catching methods such as dramas and poetry to enhance easy understanding of the concept.

NGOs should undertake expos where different ISAL groups would be exhibiting their achievements and showcasing how they achieved their objectives and at the end they should give them prices to motivate them for a short period of time for sustainability purposes. This will also attract more, small holder farmers to adopt the concept.

Ministry of Finance.

The ministry should craft policies that support the development of rural finance strategies and incentivize the formation of such groups because if they are well supported they can go beyond improving agricultural productivity for participants and grow to become SACCOs and community banks such that they will be able to lend even to other community members. They should also engage and encourage formal financial institutions (banks) to give their loans to rural small holder farmers especially those who have financial history from ISALs.

Ministry of Agriculture.

The ministry of agriculture should encourage expansion of this program by working closely with NGOs implementing the ISAL methodology also to train Government Extension Workers such that they will cascade down the trainings and knowledge about the methodology to other smallholder farmers even in other districts. It should also incentivize all the groups or smallholder farmers engaging in this methodology. In one way or the other they might be able to get subsidized inputs and they might help them in establishing markets.

Formal Financial Institutions (banks).

This study have demystified the thinking that rural small holder farmers are not credit worthy because they cannot pay-back loans and because they can , banks should also reconsider them and extend the olive branch of credit to them.

Rural District Councils.

Rural District councils as advocates of rural development whose aim is to create sustainable livelihood initiatives in the rural community in ward 10 and 11 of Shurugwi should also encourage community members to join or start such microfinance initiatives and where training is needed they should also make efforts to invite implementing agencies so that they can assist and in such a way the program will be implemented at a larger scale. The ward councilors from ward 10 and 11 should also share the importance of this methodology in boosting productivity with their colleagues from other wards where the program is not there so that it will expand.

ISAL Members

To counter the problem of defaulting members, the groups should assess the number of cases of defaulting members and if the number of cases is growing they might reduce either the individual monthly contribution or the interest rate so that it can be much affordable. More so to guard against the effects of the cash crisis, members should devise a transparent method of using mobile money.

More so to solve the market challenge, groups should engage in group based model of undertaking IGAs where they will produce the same product and if possible they can form a conglomeration of different groups and they will have to look for a bigger market before they even produce. The possible main reason why they fail to get access to sound and larger market

is because their quantity is too small and even the quality might be poor. Therefore by coming together they will increase the quantity and that might be an avenue for exchange of skills in whatever IGA they might be undertaking. This will enable them to get money to contribute.

At the end of the cycle they should conduct a field day celebrating their achievements and this would also go a long way in attracting non-members to join or form new groups.

Lastly to attract more men into ISALs, women who are participants in ISAL groups should increase the level openness, communication or awareness in the home. Also women and other men who are in ISALs should be able to do tangible things (purchasing durable agricultural implements or farming tools) so that non-members will see the importance of ISALs. Moreover other men who are already members should be at the forefront in conducting awareness trainings or campaigns so that more men will also join. Lastly there is also the need to eliminate some myth associated with the methodology. For instance some men think that if they join they should always start some IGAs just the same as women will be doing or similar to what women do in nature. However men can partake in casual labor or piece jobs so that they will be able to contribute.

5.4 CONCLUSION.

This chapter provided the study's main conclusion which was extracted from the study findings and also indicated the suggested and possible solutions or recommendations to the challenges that are being faced by smallholder farmers in administering ISALs.

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APPENDICES

Date ……. Form no: ……

My name is Enerst Munyangiri. I am a student at Midlands State University, currently studying Development Studies. I am conducting an academic research on **the effectiveness of ISALs in improving agricultural productivity among rural smallholder farmers: The case of ward 10 and 11 of Shurugwi district.** For this study I have designed the following questionnaire in order to understand more about ISALs in general and its impact on agriculture in ward 10 and 11 of Shurugwi district. As such you have been selected to provide your open and objective responses regarding your experience with the ISAL methodology. The main purpose of this study is to document the impact of ISALs on agriculture production. I am therefore kindly asking for you to participate in this study by answering this questionnaire .This information will be used purely for academic purposes.

Your participation in this study or research is entirely voluntary. I am going to ask you several questions. Just answer the questions to the best of your ability and knowledge.

i) Are you willing to participate in this interview? Yes / No.
ii) If you are willing to participate, are you also willing to have your real names published? Yes or No.

Instructions:

- **Write appropriate codes where applicable, and Skip questions or sections for members or non-members as well as for irrigation scheme members or dryland farmers accordingly.**
- **Answer open ended questions on the spaces provided on the form.**

Questionnaire.

Questionnaire no ……

SECTION A: GENERAL QUESTION

QUESTIONS TO FAMERS PERTICIPATING IN THE ISAL GROUP

Questionnaire								
GROUP IDENTIFICATION AND MEMBER DEMOGRAPHIC INFORMATION								
A1 – Date	A2 District – :		A3 Ward Number –:			A4 Village Name–:		
A5 – Group's Name :								
A6 – Year group was formed. _____								
A7 – Membership	Below 20 Yrs	20-49 Yrs	50-65 yrs	65 Yrs+	Males	Females	Disabled	widowed
Totals---------								
A8 - Does this group have a leadership Structure, management committee or similar? 1= Yes / 2= No								

Position	A (1=Male 2=Female)	B (Age)		Position	A (1-Male, 2–Female)	B (Age)
1.Chairperson				4.Vice Treasurer		
2.Vice Chair				5.Secretary		
3.Treasurer				6.Other Specify		
A9: Literacy	Level of Education	Sex				
		M	F			
	1. Primary 2. Secondary 3. Tertiary 4. None					

SECTION B.

1. Why did you join an ISAL group?

Reasons for Joining ISALs	**1= Yes ; 2 = No**
Affordable source of agricultural finance	
Source of start-up capital	
General economic hardships	
Profitability of ISALs over ROSCAs	
Low risk level	
Benefits vs Inaccessible formal FIs	
Need to purchase some durable assets	

2. What is the size of the group?

1=1-5 2= 5-10 3= 11-15 4 =16-20 5= Above 20

3. How long have you been a member of this group?

1=Months (specify) 2 =One year 3= two years 4= three years 5= Five years

4. What challenges do you face in administering your ISALs?

1= Defaulting members 2= Delay in loan repayment 3= Loans which are offered are not sufficient 4= Not everyone can access the loan at the beginning of the cycle.

5. How do you overcome these challenges?

6. Have you ever received any loan from the group?

1= Yes 2=No

7. If yes, how many times have you received the loan since the establishment of the group?

1= Once 2= Twice 3= thrice 4= Four times 5= Five times and more

8. If yes, how much was the largest loan received……..

9. What did you use the loan for?

1= Agriculture 2= Business 3= personal use 4= paying for school fees 5= paying another debt

10. If the loan was used for Agriculture production. What did you use it for?

Activity	**1= Yes ; 2= No**
Land preparation	
Cultivation	
Purchasing of inputs	
Weeding	
Harvesting	
Hiring laborers	
Buying farming equipment	
Others (specify)	

11. If the loan was used for other activities what were these activities?

Activity	**1=yes,2=No**
Starting up a business	

Household expenses	
Paying of school fees	
House repair	
Social functions(weddings, funerals e.t.c)	
Paying other debts	
Paying for health services	
Starting up a business	

12. What did you use the end of cycle share out or pay out for?

1= Agriculture 2= Business 3= personal use 4= paying for school fees 5= paying another debt

13. If the end of cycle share out was used for Agriculture production. What did you use it for?

Activity	**1= Yes ; 2 = No**
Land Preparation	
Cultivation	
Purchasing inputs	
Weeding	
Harvesting	
Hiring Laborers	
Buying farming equipment	
Others (specify)	

SECTION C

NB: Note that this section is for Dryland farmers or respondents.

14. How many acreages of major crops did you cultivate in the following years and how many k.gs did you harvest?

Years	**Name of the major crop**	**Acreages / Hectares**	**Yield in K.gs**
2016/17	Maize		
2016/17	Groundnuts		

15. Comparing to the previous cropping seasons did your yield increase? Yes / No

16. If Yes , why do you think it has increased? _____

SECTION D.

NB: This section is for Irrigation scheme ISAL group members only

17. State the yield for each cropping season and compare it with the previous seasons.

Crop	**Yield for the seasons before starting ISALs**			**Yield for the seasons after starting ISALs.**		
#	**Year**	**Yield**	**Comment(why)**	**Year**	**Yield**	**Comment(why)**
Maize						
Wheat						

SECTION E.

#) Questions to Farmers Who Are Not Members of VSL

1Name of respondent ……

2. Age_____

3. Sex

1=Male 2=Female

4. Marital status

1. Married. 2. Single 3. Widow 4.Devorced 5.Separated

5. Education level

1= No formal Schooling 2= Grade 7 3=Secondary School 4=Higher learning

5=others (Specify)

5. What is your source of income or where did you get the money to finance your agricultural activities.

Source Of Loan	**1=Yes, 2= No**
a)Buyer of harvest	
b)SACCOS	
c)NGO	
d)Family/Friend	
e)Bank	
f)Private lenders	

7. What are the major challenges you have been facing as smallholder holder farmers?

8. How many hactares of major crops did you cultivate in the following years and how many bags did you harvest?

Years	**Major crops**	**Acreages / Hectares**	**Harvest (Yield in K.gs)**
2016/17	Maize		
2016/17	Groundnuts		

9. Generally in your opinion what has contributed either to the decrease or increase in major crop production? _____-

INTERVIEW GUIDE.

Membership

1. How many members were in your group when you started ISALS?

2. Currently how many members does the group have? _____

_____

Meetings

4. How often do you meet to save money? _____

5. How long does a savings meeting take? _____

Documentation

6. Do you have any record or document that you use for the proper administration of your group?

i. If yes, list the documents and their functions.

Savings

6. How much does each member save or contribute? _____

7. How long is your savings cycle? _____

Loans

10. What is the monthly interest rate of your group? _____

12. What is the longest loan term period? (Number of months): _____

14. What do you use the loans for?

End of Cycle Share out or pay out.

1. What did you use the end of cycle share out or pay out for?

_____

_____

Sustainability of the group

What are the factors which determine the sustainability of your ISAL group?

Challenges faced by small holder farmers in ward 10 and 11 of Shurugwi.

1. What kind of challenges have you been facing as small holder farmers in relation to production before you started these ISALs?

Challenges faced in administering ISALs

19. What are the challenges you are facing in administering ISALs?

_____

_____

20. How have you been solving these challenges? _____

21. What do you recommend in order to improve ISALs?

_____

Future Plans

22. What is your vision for your group in the coming years?

_____

23. What are your plans to make this happen?

_____

Appendix 2: Focus group discussions checklist

1. What are ISALs
2. How did you form your ISAL group and who came up with the idea?
3. What are the ISAL group guiding principles?
4. How do you organize your ISAL group?
5. As small scale farmers in Shurugwi, wards 10 and 11, what are the factors that explain your adoption of ISALS?
6. As small scale farmers how do you operate your ISALs to promote agricultural production in Shurugwi's wards 10 and 11?
7. What kind of challenges have you been facing as small holder farmers in relation to production before you started these ISALs
8. How has these ISALs been helping you counteract the above problems you have been facing?
9. What are the challenges you face during the operation of these group?
10. What are the challenges facing the groups progress?
11. What methods do you use to solve these challenges?
12. What are your future plans in improving the ISAL groups?
13. What are the factors which determines the sustainability of ISAL groups?
14. Why are there more women than men in your groups?
15. Average yield per hectare.